

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type [] City [] Township [] Village [X] Other		Local Government Name Grand Traverse County	County Grand Traverse
Audit Date December 31, 2005	Opinion Date April 28, 2005	Date Accountant Report Submitted to State:	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

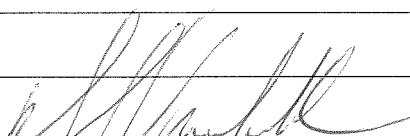
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | | | | | |
|-----|-----|-----|----|----|--|
| [] | Yes | [X] | No | 1. | Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| [] | Yes | [X] | No | 2. | There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| [] | Yes | [X] | No | 3. | There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| [] | Yes | [X] | No | 4. | The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| [] | Yes | [X] | No | 5. | The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| [] | Yes | [X] | No | 6. | The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| [] | Yes | [X] | No | 7. | The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| [] | Yes | [X] | No | 8. | The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| [] | Yes | [X] | No | 9. | The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).	X		

Certified Public Accountant (Firm Name) REHMANN ROBSON			
Street Address 250 E. Front Street	City Traverse City	State MI	Zip 49684
Accountant Signature 			

GRAND TRAVERSE COUNTY

Traverse City, Michigan



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the Year Ended
December 31, 2005**

**Prepared by Grand Traverse County
Finance Department (With
Independent Auditors' Report Thereon)**

GRAND TRAVERSE COUNTY, MICHIGAN

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DEAN W. BOTT

DEPUTY ADMINISTRATOR, DIRECTOR OF FINANCE

**GRAND TRAVERSE COUNTY
FINANCE DEPARTMENT**

GOVERNMENTAL CENTER • 400 BOARDMAN AVENUE
TRAVERSE CITY, MI 49684-2577 • (231) 922-4680

April 28, 2006

Grand Traverse County Board of Commissioners and
Citizens of Grand Traverse County, Michigan:

The Comprehensive Annual Financial Report (CAFR) of Grand Traverse County, Michigan, for the calendar year ended December 31, 2005, is hereby submitted. In accordance with State Law, re: Public Act 34 of 2001, the revised Municipal Finance Act, Section 141.2303 (1) requires each municipality within the state of Michigan to file an audit report annually with the Michigan Department of Treasury within 6 months from the end of its fiscal year or as otherwise provided in the uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a. This report was prepared by the Grand Traverse County Finance Department. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the government based upon a comprehensive framework of internal control that has been established for this purpose. Since the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements.

Michigan law requires an annual audit of the county's financial statements. The Grand Traverse County Board of Commissioners had engaged Rehmann Robson, Independent Auditors, for this purpose. The independent auditors' unqualified ("clean") opinion has been included at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

ORGANIZATIONAL STRUCTURE

County government is the largest unit of local government in Michigan and is also the oldest political subdivision of the state, having attained stature and importance before any other form of government now in existence.

Grand Traverse County, Michigan, incorporated in 1851, is located approximately 250 miles north of Detroit, in the northwestern section of Michigan's Lower Peninsula. It currently occupies 485 square miles and serves a population of 83,971. In terms of population, this ranks Grand Traverse County as the 25th largest of 83 counties in the state of Michigan. Grand Traverse County is empowered to levy a property tax on real, personal and industrial property located within its boundaries.



RECYCLED PAPER

The Board of Commissioners exercises the legislative power of the County and determines all matters of policy. The Board of Commissioners is composed of nine commissioners who are elected from their respective districts. Each commissioner serves a term of two years. The county administrator is the appointed head of the administrative branch of the county government. The judicial branch of government consists of two Circuit Court judges, three District Court judges, and one Probate Court judge. All judges are elected at large for a six-year term. The Circuit and District Court judges are elected on two-year, staggered terms. The offices of prosecuting attorney, sheriff, county clerk, treasurer, register of deeds, drain commissioner and county surveyor are elected at large and serve for a four-year term.

Grand Traverse County provides a wide range of services, including public safety, health and welfare services, community and economic development, and recreational and cultural activities. Certain financing and oversight services on the construction of Grand Traverse County public buildings are provided through a component unit, a legally separate building authority, which functions, in essence, as a department of Grand Traverse County, and therefore has been included as an integral part of Grand Traverse County's financial statements. Grand Traverse County is also financially accountable for services provided by other legally separate component units of Grand Traverse County. These services include the construction and maintenance of the county's system of roads and bridges by the Grand Traverse County Road Commission, and water supply and wastewater disposal services provided by the Grand Traverse County Department of Public Works. In addition, the Grand Traverse County Drain Commission provides for the construction and maintenance of drainage districts throughout Grand Traverse County. The Grand Traverse County Economic Development Corporation provides the means and methods to strengthen and revitalize the economy of Grand Traverse County, and the Brownfield Redevelopment Authority promotes the revitalization of environmentally distressed areas/sites. These five component units are reported separately within Grand Traverse County's financial statements, and additional information on them can be found in the notes to the financial statements.

Grand Traverse County prepares, adopts and maintains budgetary controls on an annual basis. Governmental fund types of Grand Traverse County are under formal budgetary control. Activities of the General fund, Special Revenue funds and Debt Service funds are included in the annual appropriated budget. The level of budgetary control, that is, the level at which expenditures cannot legally exceed the appropriated amount, is established at the function level. Capital Project funds are budgeted by project. Enterprise funds and Internal Service funds, which are Proprietary funds, are also subject to budgetary controls and are budgeted at the function level as well. The County's procedures in establishing its annual budget are as follows:

- In May of each year, budget packages are mailed to all county elected officials and department heads, outlining the procedures for requesting appropriations for the subsequent budget year.
- In July of each year, the County Administrator and Finance Director hold budget hearings with all elected officials and department heads to obtain additional information regarding budget requests.
- In October, preceding the beginning of the next fiscal year, and in conformance with Act 2, PA 1968, as amended by Public Act 621 of 1978, (the Uniform Budgeting and Accounting Act), the Finance department prepares, and the County Administrator submits, a proposed operating budget to the Ways and Means committee for review and adoption by the County Board of Commissioners.

- Subsequent to the County Administrator submitting the proposed budget to the Board of Commissioners, a public hearing is conducted to obtain taxpayer comments. The Board of Commissioners then makes any amendments to the budget it deems necessary and adopts the same by formal resolution prior to December 31.

The Board of Commissioners is authorized to make adjustments to the various budgets as deemed necessary. Elected officials and department heads are authorized to amend budgets under their control subject to the provisions of the County's budget resolutions as amended.

ECONOMIC CONDITION AND OUTLOOK

Population Trends

In 2005, the estimated population of Grand Traverse County was 83,971. This is an increase of 8.1% from the U.S. Census 2000 count of 77,654. By maintaining this rate of population growth, Grand Traverse County can expect to have a population of around 90,288 by the year 2010.

In 2004, 13.5% of the population of Grand Traverse County was 65 years old and over which is higher than the 12.2% for Michigan overall. In comparison, only 12.3% of the County population in 1990 was 65 years old and over. This trend of an aging population is expected to continue for the region.

Labor Market

The labor force in Grand Traverse County has grown from 45,700 in 2001 to 49,675 in 2005, an increase of 8.7%. During that same period, the average unemployment rate for Grand Traverse County rose from 4.6% in 2001 to 5.7% in 2005. In comparison, the average unemployment rate for Michigan in 2001 was 5.2% and rose to 6.8% in 2005. Further comparison has the average unemployment rate for the United States in 2001 at 4.7% and rising to 5.1% in 2005. Industry sectors expected to grow in Grand Traverse County include professional and business services, education and health services, leisure and hospitality and wholesale trade.

Property Values and Home Sales

There are 52,963 parcels of land in the County in 2006, an increase of 4.75% from 50,562 in 2005. The County Equalized Value (CEV) for Grand Traverse County is \$5,469,883,048 in 2006, an increase of 9.69% from \$4,986,540,174 in 2005.

Total listings of residential property in Grand Traverse County sold in 2005 by real estate agents were 2,891, an increase of 3.4 percent from total sales of 2,788 in 2004. The average residential sales price increased from \$205,964 in 2004 to \$216,681 in 2005, an increase of 5.2 percent. In comparison, the average sale price for Michigan in 2004 was \$149,315 and rose 1.34 percent to \$151,309 in 2005.

Education

On a whole, Grand Traverse County residents tend to have a higher than average education compared to the remainder of Michigan. The County is ranked fifth in the state with 89.3% of the population having a high school diploma or more and ranked ninth in the state with 26.1% of the population having a bachelor's degree or more.

The two primary public school districts in Grand Traverse County are the Traverse City Area Public Schools and the Kingsley Area Schools. Traverse City Area Public Schools includes 23 schools spread over 285 square miles in three different counties. The district has a current enrollment of nearly 11,000 students. Kingsley Area Schools includes three schools and covers the southern end of the County. The district has a current enrollment of over 1,300 students. Both districts have a dual enrollment program which enables high school students to enroll in classes offered by Northwestern Michigan College and earn college credit while still in high school.

Northwestern Michigan College pioneered post-secondary education in northern Michigan when it was established as Michigan's first community college in 1951. The college provides collegiate-level instruction in the liberal arts and in many occupational fields. The college's Great Lakes Maritime Academy, the only maritime academy on the Great Lakes, prepares students to become merchant marine officers. The college also is in partnership with 11 Michigan colleges and universities to provide bachelor's completion and advanced degrees.

Tourism Industry

The Grand Traverse region's largest industry is often considered to be tourism. With a market area accounting for close to 10 percent of the state's travel volume, Grand Traverse County ranks second among Michigan counties in the number of pleasure trips hosted. Grand Traverse County's tourist industry has grown steadily since 2002. In July 2005, area-lodging properties reported an occupancy rate of 81.6 percent – the first time at that level since before September 11th. This improvement was aided by the warm, dry summer experienced in 2005.

Cherry Industry

The U. S. cherry industry produces more than 650 million pounds of tart and sweet cherries each year. Michigan, mainly the Grand Traverse region, grows about 75 percent of the tart cherry crop. Generally, Michigan produces 200 to 250 million pounds of tart cherries with the total U.S. crop being 275 to 350 million pounds. Sweet cherries primarily are grown in the Pacific Coast states, but Michigan joins the top four producers, harvesting about 20 percent of the crop each year. Michigan produces about 50 million pounds of sweet cherries.

Arts and Culture

The arts and culture industry represents a diverse group in this region from the world-renown Interlochen Center for the Arts to self-employed artists often working from their homes. Regionally, the arts and cultural organization sector has grown significantly in the past five years and is an important contributing force in the economy. Highlights of the region include Dennon Museum Center, the Traverse City Opera House, the Old Town Playhouse, and the Traverse Symphony Orchestra.

Healthcare

Munson Healthcare, the parent company for Munson Medical Center in Traverse City and six other affiliated hospitals, is the region's largest provider of health care and also the region's largest employer with over 5,000 employees. Munson serves 24 counties in northern Michigan and offers 41 specialties including one of the nation's top heart programs.

Quality of Life

The Grand Traverse region has been continuously recognized for its quality of life. In 2004, Partners for Livable Communities selected the Traverse City area among the nation's top 30 cities, towns, and regions to live and work. This same high quality of life has been essential for the economic growth of the region.

In 2003 and 2004, Site Selection magazine ranked Traverse City as the No. 1 small town in American for new and expanded corporate facilities. Site Selection magazine also ranked the Traverse City micropolitan as No. 2 in America. The U.S. Census defines a micropolitan as a city of at least 10,000 people but less than 50,000 and covers at least one county.

MAJOR INITIATIVES

National Governors Conference 2007

Grand Traverse County is the site of the 2007 Summer Conference of the National Governors Association. The Grand Traverse Resort will be the meeting's headquarters, site of the previous Governors Conference in 1987. On average, 35 governors attend the meeting and bring with them more than 1,000 people, including lobbyists, business leaders and journalists.

Land Use and Transportation Study

In the spring of 2005, \$3.3 million in federal transportation dollars was reallocated from the Intermodal Surface Transportation Efficiency Act (ISTEA) to the Grand Traverse region for the creation and implementation of a comprehensive, multimodal transportation plan. To assist towards the completion of this goal, Grand Traverse County appointed a broadly representative, thirty member Land Use & Transportation Coordinating Group for the purpose of defining the mission of the study's visioning process; recommending a world-class consultant; and, assisting with broad public input. The study process will be "citizen-driven" in order to have the highest level of acceptance by the community. Additionally, a high level of thoroughness and innovation will be required of the consultant.

Boardman Dams

In 2003, the Grand Traverse County Board of Commissioners initiated a process to consider the possible removal of the Boardman and Sabin Dams. Since then, numerous meetings have been held with surrounding property owners, the Michigan Department of Natural Resources, the U.S. Army Corps of Engineers, Grand Traverse County Road Commission, City of Traverse City, and Traverse City Light and Power Board to obtain information and receive public input. The Army Corps of Engineers and DNR have been commissioned by Grand Traverse County and the City of Traverse City to do feasibility studies on dam removal. A project of this scale is substantial and will have a significant impact on the community.

Cherry Capital Airport

The Cherry Capital Airport is one of the newest state-of-the-art airports in America. Recently it was named the 2005 Airport of the Year by the Air Line Pilots Association, International (ALPA). Representing more than 64,000 pilots at 41 airlines in the United States and Canada, ALPA is the world's largest pilots union.

The debt-free, \$54-million airport features a new 115,000 square-foot terminal complex that incorporates the flavors of northern Michigan in its design and landscaping features as well as providing a highly advanced security system. The terminal complex is the largest government-based project in the Grand Traverse region without bonds or a millage attached to its construction or operation. According to the Michigan Department of Transportation, the economic impact of the airport on the region is approximately \$200 million annually.

National Cherry Festival

Traverse City is considered the Cherry Capital of the World. Its annual celebration, the National Cherry Festival, is held every July and attracts over 500,000 people over eight days. At a minimum, the annual festival contributes \$26 million to the region. The festival has been well recognized by the Governor, the Michigan legislature, AAA Michigan and USA Today. The festival is also annually rated in the top 100 Festivals and Events in North America by the American Bus Association.

Courthouse Expansion

Grand Traverse County is currently renovating the existing Bethany Baptist Church and the Old Stone Church in Traverse City into a new 54,240 square-foot courthouse that will combine the activities and staff of the 86th District Court, Probate/Family Court, Probation Departments and Probate Court Volunteers. Once open in the fall of 2006, the new Robert P. Griffin Hall of Justice will provide improved court operations and enhanced security features as well as the reuse of two architecturally significant structures.

Brownfield Redevelopment

Since its inception, the Grand Traverse County Brownfield Redevelopment Authority has been one of the most active authorities in Michigan, working to revitalize environmentally distressed areas. Over a dozen projects have been completed or are underway in the County. With establishment of a Fast Track Land Bank Authority, the County will continue to look for innovative ways to redevelop land.

Traverse City Beach Bums

Opening in May 2006, Wuerfel Park is the new home to a new minor league baseball team, the Traverse City Beach Bums. Wuerfel Park is a state-of-the-art multi-use entertainment facility featuring 3,518 permanent chair back seats, a corporate deck, private table deck and an expanded general admission grass berm seating area encompassing the entire outfield. The ballpark includes a recessed playing field, 27 luxury suites, dugouts, bullpens, home/visitors clubhouses and indoor practice facility. The estimated worth of the park is around \$6 million and will have a major impact in the local economy.

FINANCIAL INFORMATION

Relevant Financial Policies

In accordance with the County's General Financial Policy, the General fund objective is to establish and maintain a 15% level of unreserved, undesignated fund balance based on the General fund's most current adopted operating budget.

The 100% Tax Payment Fund Policy, which authorizes appropriations from the 100% Tax Payment fund, requires that it be self-funded. Beginning in 1999, the fund retains 25% of the earnings, with the balance available for distribution or appropriation to the general fund. Since 2002, \$450,000 of the amount available for appropriation has been designated as a capital appropriation.

Cash balances are invested according to the Investment Policy adopted by the Board of Commissioners. The Board of Commissioners has authorized the Grand Traverse County Treasurer to invest surplus funds of the County in accordance with those investments permitted by Act 20 of the Michigan Public Acts of 1943 as amended, M.C.L. 129.91. The Act generally allows the County to deposit funds in banks, savings and loan associations, and credit unions in the state of Michigan. The Act also provides for investments in U.S. government obligations; certificates of deposit, savings accounts and deposit accounts of banks, savings and loans, and credit unions who are members of the FDIC, FSLIC, and NACU, respectively; commercial paper; U. S. government or federal agency obligation repurchase agreements; bankers' acceptances of United States banks; and, with some restrictions, mutual funds.

Employees' Retirement Systems

The County participates in the Municipal Employees Retirement System of Michigan (MERS), and offers both a defined benefit pension plan and a defined contribution pension plan for most full-time employees.

OTHER INFORMATION

Risk Management

Grand Traverse County, through the Michigan Municipal Risk Management Authority (MMRMA) is self-insured for property, general, inland marine, crime, auto liability, and bonds. In addition, the county is self-insured in the areas of short term disability and unemployment compensation. The County self-insures worker's compensation claims up to \$350,000. Claims in excess of this amount are covered or indemnified by a specific excess worker's compensation re-insurance policy up to \$3,000,000.

Awards and Acknowledgments

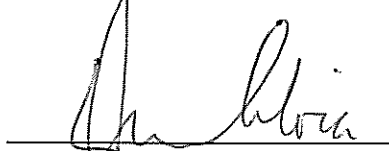
The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to local governments for their Comprehensive Annual Financial Report (CAFR). This Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. This CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

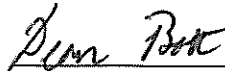
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR meets the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for a certificate.

Preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department and other county departments, and the various elected and appointed officials. We would like to express our appreciation to everyone who assisted in and contributed to the preparation of this report. We would also like to thank the Board of Commissioners for their interest and support in planning and conducting the financial operations of the county in a responsible and progressive manner.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Dennis Aloia', written over a horizontal line.

Dennis Aloia
County Administrator

A handwritten signature in dark ink, appearing to read 'Dean Bott', written over a horizontal line.

Dean Bott
Finance Director

GRAND TRAVERSE COUNTY

PRINCIPAL OFFICERS

THE BOARD OF COMMISSIONERS

Wayne Schmidt - Chairman

Thomas Kern

Larry Inman

Margaret Underwood

Herbert Lemcool

Richard Thomas

Peter Strom

Virginia Olds

Sonny Wheelock

ADMINISTRATION

Dennis Aloia - County Administrator

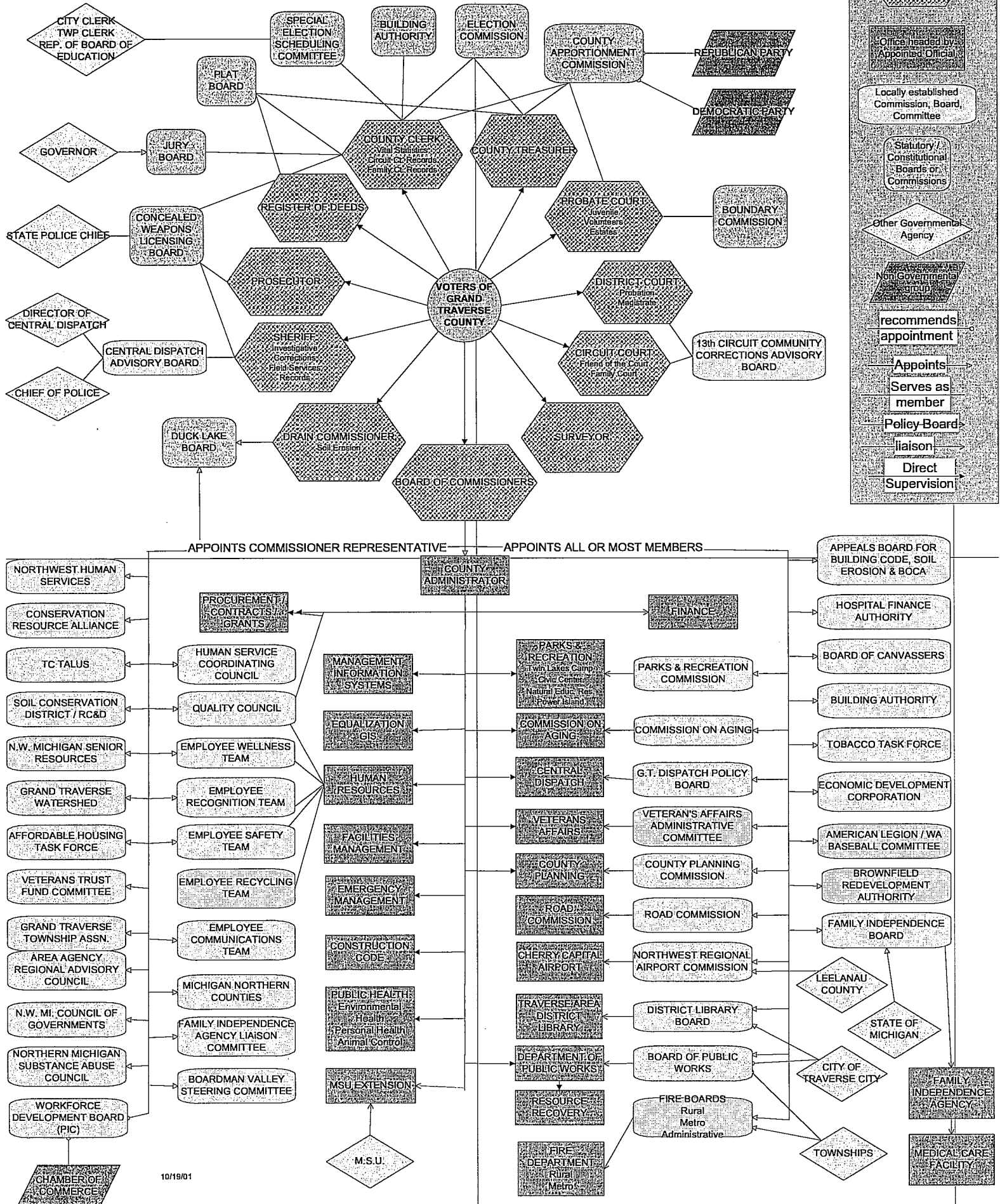
Dean Bott – Finance Director

INDEPENDENT AUDITORS

Rehmann Robson

GRAND TRAVERSE COUNTY

ORGANIZATIONAL CHART





REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

An Independent Member of Baker Tilly International

INDEPENDENT AUDITORS' REPORT

April 28, 2006

Board of Commissioners
Grand Traverse County
Grand Traverse County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of ***Grand Traverse County, Michigan*** (the "County"), as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund, Health Special Revenue Major Fund and the Revenue Sharing Reserve Major Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2006 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 13-22 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, statistical section, and the schedule of expenditures of federal awards as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Nonprofit Organizations listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules along with the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly we express no opinion on them.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.

Management's Discussion and Analysis

As management of **Grand Traverse County, Michigan**, (the "County") we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2005.

Financial Highlights

- The assets of the County's governmental activities exceeded its liabilities at the close of the most recent fiscal year by \$54,306,687 (*net assets*). Of this amount, \$15,356,845 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net assets of the governmental activities increased by \$6,463,408.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$26,804,804, an increase of \$9,447,245 in comparison with the prior year. Approximately 63 percent of this total amount, or \$16,813,757, is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$5,395,837 or 16.5 percent of total General Fund expenditures and transfers out.
- The County's total debt increased by \$6,932,174 (21 percent) during the current fiscal year. The County issued bonds to construct the new District/Probate Courthouse in the amount of \$8,385,000 and financed the purchase of MIS equipment by obtaining a note payable approximating \$138,000. Remaining total debt was decreased by principal payments made by the County's building authority, a blended component unit, changes in compensated absences and payments on notes during 2005.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected special assessments).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include legislative, judicial, general government, public safety (including the jail), health and welfare and recreation and culture. The business-type activities of the County include the medical care facility, delinquent tax collections, inspections and solid waste.

The government-wide financial statements include not only Grand Traverse County itself (known as the primary government), but also a legally separate Road Commission, Department of Public Works, Drain Commission, Brownfield Redevelopment Authority, and Economic Development Corporation, for which Grand Traverse County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The Grand Traverse County Building Authority, although legally separate, functions for all practical purposes as a department of the County, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 23-25 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains 35 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, County Health, Revenue Sharing Reserve and the Building Authority - Courthouse Funds, each of which are considered to be major funds. Data from the other 31 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its general and special revenue funds.

The governmental fund financial statements can be found on pages 26-37 of this report.

Proprietary funds. The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its medical care facility, delinquent tax collections, inspections and solid waste operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. Grand Traverse County uses internal service funds to account for its computer equipment maintenance and replacement, insurances, fringe benefits, vehicle usage, and office supplies. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Grand Traverse Pavilions and the 2004 Tax Levy, both of which are considered to be major funds. The internal service funds are combined into a separate single, aggregated presentation in the proprietary fund financial statements. Individual fund data for nonmajor enterprise funds and internal service funds are provided in the form of *combining statements* elsewhere in this report.

The proprietary fund financial statements can be found on pages 38-41 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 42 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43-72 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information*. This includes the combining and individual fund financial statements and schedules, statistical data and Single Audit information. Combining and individual fund statements and schedules can be found on pages 73-132 of this report, with the statistical data and single audit information immediately following.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Grand Traverse County, assets exceeded liabilities by \$76,435,370 at the close of the most recent fiscal year.

One of the largest portions of the County's net assets (49 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Grand Traverse County's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	47,956,950	\$36,033,798	19,144,697	\$ 18,724,354	67,101,647	\$ 54,758,152
Capital assets, net	<u>39,798,115</u>	<u>35,446,616</u>	<u>30,567,882</u>	<u>31,625,876</u>	<u>70,365,997</u>	<u>67,072,492</u>
Total assets	<u>87,755,065</u>	<u>71,480,414</u>	<u>49,712,579</u>	<u>50,350,230</u>	<u>137,467,644</u>	<u>121,830,644</u>
Long-term liabilities outstanding	15,095,649	7,247,915	22,285,110	23,692,691	37,380,759	30,940,606
Other liabilities	<u>18,352,729</u>	<u>16,389,220</u>	<u>5,298,786</u>	<u>4,979,343</u>	<u>23,651,515</u>	<u>21,368,563</u>
Total liabilities	<u>33,448,378</u>	<u>23,637,135</u>	<u>27,583,896</u>	<u>28,672,034</u>	<u>61,032,274</u>	<u>52,309,169</u>
Net assets						
Invested in capital net of related debt	29,889,448	29,096,181	7,234,939	7,002,334	37,124,387	36,098,515
Restricted	9,060,394	4,884,064	-	-	9,060,394	4,884,064
Unrestricted	<u>15,356,845</u>	<u>13,863,034</u>	<u>14,893,744</u>	<u>14,675,862</u>	<u>30,250,589</u>	<u>28,538,896</u>
Total net assets	<u>\$54,306,687</u>	<u>\$47,843,279</u>	<u>\$22,128,683</u>	<u>\$ 21,678,196</u>	<u>\$76,435,370</u>	<u>\$69,521,475</u>

The balance of *unrestricted net assets* (40 percent or \$30,250,589) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

The government's net assets increased by \$6,463,408 during the current fiscal year. This growth is due mainly to the continued early recognition of tax revenue to establish the Revenue Sharing Reserve Fund and the fact that ongoing revenues exceeded ongoing expenses.

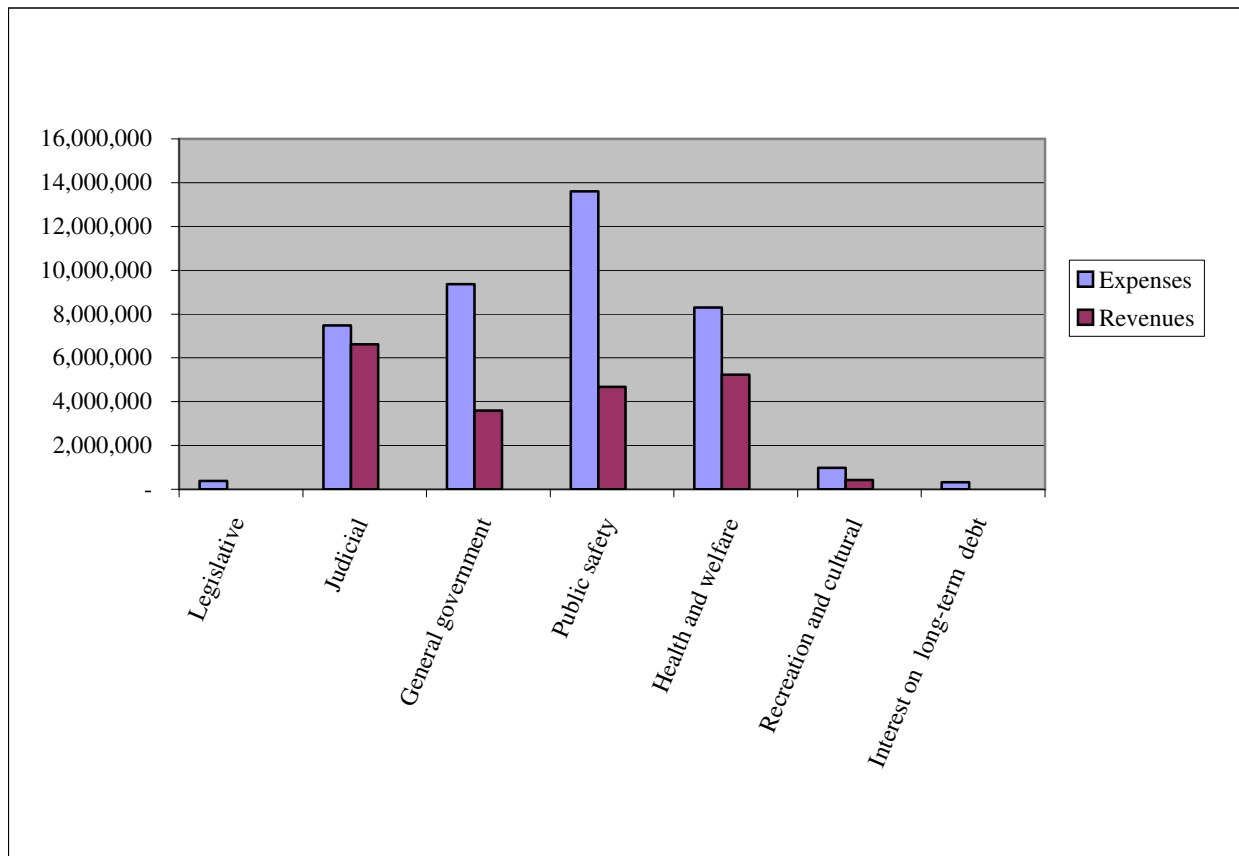
Grand Traverse County's Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Revenue						
Program revenue						
Charges for services	\$ 9,301,978	\$ 9,567,333	\$23,515,588	\$ 29,133,903	\$32,817,566	\$ 38,701,236
Operating grants and contributions	11,231,569	10,527,163	215,256	135,881	11,446,825	10,663,044
Capital grants and contrib.	11,053	17,021	-	-	11,053	17,021
General revenue						
Property taxes	24,196,544	22,907,266	2,216,766	2,102,336	26,413,310	25,009,602
Grants and contributions not restricted to specific programs	-	465,377	-	-	-	465,377
Other	<u>1,004,815</u>	<u>735,450</u>	<u>234,947</u>	<u>156,218</u>	<u>1,239,762</u>	<u>891,668</u>
Total revenue	<u>45,745,959</u>	<u>44,219,610</u>	<u>26,182,557</u>	<u>31,528,338</u>	<u>71,928,516</u>	<u>75,747,948</u>
Expenses						
Legislative	383,982	385,490	-	-	383,982	385,490
Judicial	7,485,569	6,994,719	-	-	7,485,569	6,994,719
General government	9,371,582	8,828,518	-	-	9,371,582	8,828,518
Public safety	13,604,930	12,735,606	-	-	13,604,930	12,735,606
Health and welfare	8,296,425	8,542,566	-	-	8,296,425	8,542,566
Recreation and cultural	976,732	963,074	-	-	976,732	963,074
Interest on long-term debt	317,343	281,040	-	-	317,343	281,040
Inspections	-	-	1,489,296	1,474,291	1,489,296	1,474,291
Medical care facility	-	-	22,365,069	28,068,660	22,365,069	28,068,660
Solid waste	-	-	681,991	633,930	681,991	633,930
Delinquent taxes	<u>-</u>	<u>-</u>	<u>41,702</u>	<u>7,690</u>	<u>41,702</u>	<u>7,690</u>
Total expenses	<u>40,436,563</u>	<u>38,731,013</u>	<u>24,578,058</u>	<u>30,184,571</u>	<u>65,014,621</u>	<u>68,915,584</u>
Increase in net assets before transfers	5,309,396	5,488,597	1,604,499	1,343,767	6,913,895	6,832,364
Transfers and indirect expenses	<u>1,154,012</u>	<u>1,073,523</u>	<u>(1,154,012)</u>	<u>(1,073,523)</u>	<u>-</u>	<u>-</u>
Increase in net assets	6,463,408	6,562,120	450,487	270,244	6,913,895	6,832,364
Net assets – beginning of year	<u>47,843,279</u>	<u>41,281,159</u>	<u>21,678,196</u>	<u>21,407,952</u>	<u>69,521,475</u>	<u>62,689,111</u>
Net assets – end of year	<u>\$54,306,687</u>	<u>\$47,843,279</u>	<u>\$22,128,683</u>	<u>\$21,678,196</u>	<u>\$76,435,370</u>	<u>\$69,521,475</u>

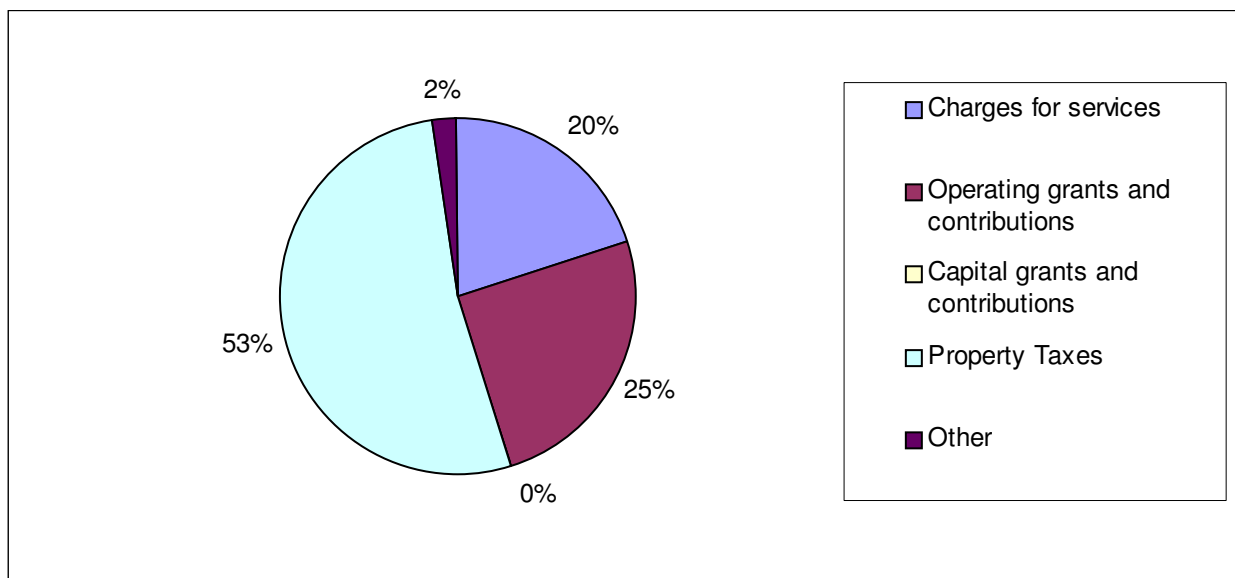
Governmental activities. Governmental activities increased the County's net assets by \$6,463,408, accounting for 93 percent of the total growth in the net assets of the County. Key elements of this increase are as follows:

- Continued early recognition of tax revenue to establish the Revenue Sharing Reserve Fund.
- A conservative budget strategy that was beneficial in keeping county expenses well within anticipated revenues. This is also due, in part, to the dedicated effort by all departments to minimize spending to offset a tight budget anticipated in 2005.

Expenses and Program Revenues - Governmental Activities

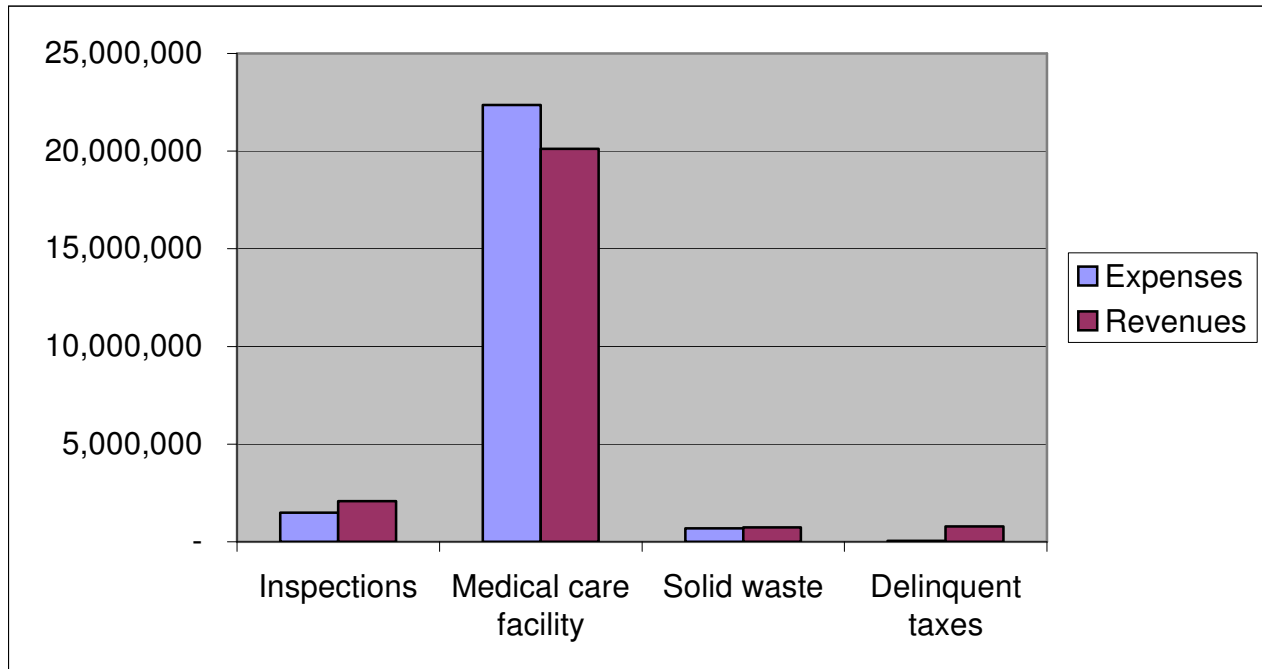


Revenues by Source - Governmental Activities

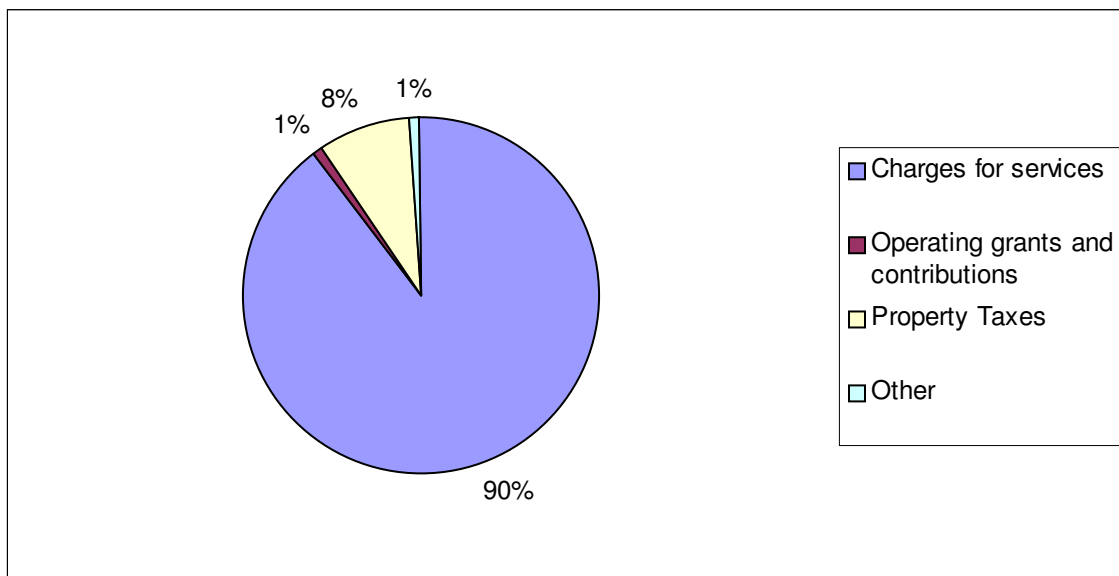


Business-type activities. Business-type activities increased the County's net assets by \$450,487, accounting for 7 percent of the total growth in the government's net assets for the current year. There is no one identifying key element for this increase.

Expenses and Program Revenues - Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$26,804,804, an increase of \$9,447,245 in comparison with the prior year. Approximately 63 percent of this total amount (\$16,813,757) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) for prepaid items (\$22,406); 2) for long-term advances (\$908,247); 3) for nonexpendable trusts (\$218,110) or 4) for the revenue sharing reserve (\$8,842,284).

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$5,395,837, while total fund balance was \$6,317,818. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 16.5 percent of total General Fund expenditures and transfers out.

The fund balance of the County's General Fund increased by \$648,050 during the current fiscal year. This increase was not attributable to any one item.

The Health Department Fund had a decrease in fund balance for the current year of \$48,875, for an ending total of \$1,022,001. This decrease was not attributable to any one item.

The Revenue Sharing Reserve Fund had an increase in fund balance of \$4,174,965 in 2005. This fund balance will continue to increase through 2006 as one third of the 2004 December millage levy will be deposited in this fund in 2006. After 2006, the balance will decrease each year as the county draws out the amount it would have received in state revenue sharing payments which were discontinued on September 30, 2004.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

General Fund Budgetary Highlights

Differences between the original and final amended budgets for expenditures resulted in an increase of \$1,041,138 in appropriations. The largest increase in the budget during the year was to the public safety function. In the public safety function central dispatch and emergency management were the primary increases. These increases were mainly due to state and federal grants received.

During the year, expenditures were less than the amended budget, resulting in an increase in fund balance that exceeded the amount projected in the final amended budget.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of December 31, 2005, amounted to \$37,124,387 (net of related debt). This investment in capital assets includes land, buildings and improvements, machinery and equipment, and vehicles less related debt. The total increase in the County's investment in capital assets for the current fiscal year was 3 percent for the governmental activities and 3 percent for the business-type activities.

Within the County's governmental activities, the County began construction on the new District/Probate Courthouse and began remodeling the County Jail.

There were no major capital asset events that occurred during the current fiscal year with respect to the County's business-type activities.

Grand Traverse County's Capital Assets (net of depreciation)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Land	\$ 16,353,090	\$ 1,820,550
Construction in progress	4,901,532	-
Land improvements	479,930	1,845,497
Infrastructure	960,592	-
Building and improvements	14,393,904	25,842,124
Equipment and furniture	2,060,762	916,252
Vehicles	<u>648,305</u>	<u>143,459</u>
Total	<u>\$ 39,798,115</u>	<u>\$ 30,567,882</u>

Additional information on the County's capital assets can be found in note IIIB on pages 54-57 of this report.

Long-term debt. At the end of the current fiscal year, the County had total debt outstanding of \$39,552,605. Of this amount, \$38,665,000 comprises debt backed by the full faith and credit of the government. The remainder of the County's debt represents a loan and compensated absences.

Grand Traverse County's Outstanding Debt General Obligation Bonds

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
General obligation bonds	<u>\$ 14,380,000</u>	<u>\$ 24,285,000</u>

The County's total debt increased by \$6,932,174 (21 percent) during the current fiscal year. The County issued bonds to construct the new District/Probate Courthouse in the amount of \$8,385,000 and financed the purchase of MIS equipment by obtaining a note payable approximating \$138,000. Remaining total debt was decreased by principal payments made by the County's building authority, a blended component unit, changes in compensated absences and payments on notes during 2005.

The County's bond rating ranges from A1 to AA-.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the County is approximately \$498,654,000, which is significantly in excess of the County's outstanding general obligation debt.

Additional information on the County's long-term debt can be found in note IIID on pages 59-63 of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the County's budget for the 2006 fiscal year:

- It is anticipated that the taxable value for property tax revenues will increase by an estimated 7.3% (2005's increase in taxable value). But, this taxable value increase will be impacted by a millage rate reduction of approximately .882%, resulting in only a 7.1% increase in property tax revenues.
- There are several open labor contracts going into 2006 and health and retirement costs have increased, however, the general fund operating budget was increased by 5.17%.
- The overall outlook for Grand Traverse County is good. Moderate growth in both tax base and employment are anticipated, and the approved budgets maintain strong fund balances in the general and delinquent tax revolving funds.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director's office, 400 Boardman Avenue, Traverse City, Michigan 49684.

GRAND TRAVERSE COUNTY

STATEMENT OF NET ASSETS

DECEMBER 31, 2005

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments - cash equivalents	\$ 22,022,782	\$ 12,445,246	\$ 34,468,028
Receivables, net			
Accounts	2,257,222	1,743,900	4,001,122
Taxes	17,954,757	4,241,384	22,196,141
Lease	-	-	-
Interest	204,645	301,843	506,488
Insurance recoveries	-	-	-
Due from other governments	2,357,881	5,291	2,363,172
Inventories	-	70,218	70,218
Prepaid items and other assets	266,742	336,815	603,557
Loans receivable	2,892,921	-	2,892,921
Land	16,353,090	1,820,550	18,173,640
Construction in progress	4,901,532	-	4,901,532
Capital assets, net	18,543,493	28,747,332	47,290,825
Total assets	87,755,065	49,712,579	137,467,644
Liabilities			
Accounts payable	2,668,615	405,241	3,073,856
Accrued liabilities	896,564	545,908	1,442,472
Accrued interest payable	123,065	286,058	409,123
Due to other governments	277,808	225,293	503,101
Unearned revenue	13,701,873	2,349,244	16,051,117
Advance from State	-	-	-
Long-term liabilities			
Due within one year	684,804	1,487,042	2,171,846
Due in more than one year	15,095,649	22,285,110	37,380,759
Total liabilities	33,448,378	27,583,896	61,032,274
Net assets			
Invested in capital assets, net of related debt	29,889,448	7,234,939	37,124,387
Restricted for nonexpendable trusts	218,110	-	218,110
Restricted for revenue sharing reserve	8,842,284	-	8,842,284
Unrestricted	15,356,845	14,893,744	30,250,589
Total net assets	\$ 54,306,687	\$ 22,128,683	\$ 76,435,370

The accompanying notes are an integral part of these financial statements.

Component Units				
Road Commission	Department of Public Works	Drain Commission	Brownfield Redevelopment Authority	EDC of Grand Traverse County
\$ 448,997	\$ 6,936,871	\$ 132,529	\$ 1,033,697	\$ 17,055
1,540,679	236,409	13,153	16,162	-
-	-	-	238,899	-
-	58,975,000	-	-	-
-	499,926	304	-	-
-	1,872,000	-	-	-
242,143	261,077	-	-	-
861,640	-	-	-	-
295,992	450,512	-	1,819,373	-
-	-	-	-	-
17,285,068	400,000	-	-	-
2,780,831	6,236,270	-	-	-
32,690,223	-	-	-	-
56,145,573	75,868,065	145,986	3,108,131	17,055
1,883,696	624,116	13,153	1,831,612	-
145,668	161,989	-	-	-
36,327	524,254	-	-	-
273,000	111,268	-	-	-
557,476	142,683	-	230,874	-
259,378	-	-	-	-
431,599	3,405,000	-	-	-
1,867,076	68,727,306	-	-	-
5,454,220	73,696,616	13,153	2,062,486	-
50,691,353	91,379	-	-	-
-	-	-	-	-
-	-	-	-	-
-	2,080,070	132,833	1,045,645	17,055
\$ 50,691,353	\$ 2,171,449	\$ 132,833	\$ 1,045,645	\$ 17,055

GRAND TRAVERSE COUNTY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2005

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Indirect (Revenues) Expenses Allocation</u>
Primary government		
Governmental activities		
Legislative	\$ 383,982	\$ (24,838)
Judicial	7,485,569	751,989
General government	9,371,582	(1,276,310)
Public safety	13,604,930	63,600
Health and welfare	8,296,425	328,855
Recreation and cultural	976,732	-
Interest on long-term debt	317,343	-
Total governmental activities	40,436,563	(156,704)
Business-type activities		
Inspections	1,489,296	138,129
Medical care facility	22,365,069	-
Solid waste	681,991	18,575
Delinquent taxes	41,702	-
Total business-type activities	24,578,058	156,704
Total primary government	\$ 65,014,621	\$ -
Component units		
Road commission	\$ 8,558,622	\$ -
Department of public works	6,961,005	-
Drain commission	2,788	-
Brownfied redevelopment authority	642,647	-
EDC of Grand Traverse County	-	-
Total component units	\$ 16,165,062	\$ -

The accompanying notes are an integral part of these financial statements.

Program Revenues			
Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
\$ 1,890	\$ -	\$ -	\$ (357,254)
3,137,781	3,479,039	-	(1,620,738)
2,809,281	785,082	-	(4,500,909)
1,381,601	3,287,402	11,053	(8,988,474)
1,547,932	3,680,046	-	(3,397,302)
423,493	-	-	(553,239)
-	-	-	(317,343)
9,301,978	11,231,569	11,053	(19,735,259)
2,084,127	-	-	456,702
19,907,161	205,037	-	(2,252,871)
730,963	10,219	-	40,616
793,337	-	-	751,635
23,515,588	215,256	-	(1,003,918)
\$ 32,817,566	\$ 11,446,825	\$ 11,053	\$ (20,739,177)
\$ 933,523	\$ 7,186,142	\$ 5,469,543	\$ 5,030,586
4,158,546	257,886	-	(2,544,573)
-	-	-	(2,788)
-	-	-	(642,647)
-	-	-	-
\$ 5,092,069	\$ 7,444,028	\$ 5,469,543	\$ 1,840,578

Continued...

GRAND TRAVERSE COUNTY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2005

Functions/Programs	Primary Government		
	Governmental Activities	Business-type Activities	Total
Changes in net assets			
Net (expense) revenue	\$ (19,735,259)	\$ (1,003,918)	\$ (20,739,177)
General revenues			
Taxes			
Property taxes	24,196,544	2,216,766	26,413,310
Unrestricted investment earnings	1,001,265	224,062	1,225,327
Gain on sale of capital assets	3,550	10,885	14,435
Internal transfers	997,308	(997,308)	-
Total general revenues and transfers	26,198,667	1,454,405	27,653,072
Change in net assets	6,463,408	450,487	6,913,895
Net assets, beginning of year	47,843,279	21,678,196	69,521,475
Net assets, end of year	\$ 54,306,687	\$ 22,128,683	\$ 76,435,370

The accompanying notes are an integral part of these financial statements.

Component Units				
Road Commission	Department of Public Works	Drain Commission	Brownfield Redevelopment Authority	EDC of Grand Traverse County
\$ 5,030,586	\$ (2,544,573)	\$ (2,788)	\$ (642,647)	\$ -
-	-	-	849,387	-
27,256	161,691	3,690	33,985	437
31,049	-	-	-	-
-	-	-	-	-
58,305	161,691	3,690	883,372	437
5,088,891	(2,382,882)	902	240,725	437
45,602,462	4,554,331	131,931	804,920	16,618
\$ 50,691,353	\$ 2,171,449	\$ 132,833	\$ 1,045,645	\$ 17,055

Concluded

GRAND TRAVERSE COUNTY

BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2005

	General	Grand Traverse County Health	Revenue Sharing Reserve	Building Authority Courthouse	Other Governmental Funds	Total
Assets						
Cash and investments - cash equivalen	\$ 9,210,177	\$ 1,008,757	\$ 176,680	\$ 5,443,875	\$ 5,033,251	\$ 20,872,740
Receivables, net						
Accounts	377,878	55,085	-	-	1,405,009	1,837,972
Loans	-	-	-	-	2,892,923	2,892,923
Taxes	12,176,877	-	3,998,285	-	1,779,595	17,954,757
Interest	146,834	-	-	57,811	-	204,645
Due from State	417,611	26,250	-	-	1,170,744	1,614,605
Due from other government	728,593	-	-	-	14,683	743,276
Due from other fund:	829,884	-	4,667,319	-	10,147	5,507,350
Prepaid items and other asset:	13,734	3,804	-	-	5,473	23,011
Advance to other fund:	908,247	-	-	-	-	908,247
Total assets	\$ 24,809,835	\$ 1,093,896	\$ 8,842,284	\$ 5,501,686	\$ 12,311,825	\$ 52,559,526
Liabilities and fund balances						
Liabilities						
Accounts payable	\$ 1,555,105	\$ 43,479	\$ -	\$ 406,716	\$ 641,112	\$ 2,646,412
Accrued liabilities	304,781	12,666	-	-	63,149	380,596
Due to other funds	4,677,466	-	-	-	761,578	5,439,044
Due to state	-	-	-	-	78,325	78,325
Due to other government:	-	-	-	-	199,483	199,483
Advance from other fund:	-	-	-	-	416,066	416,066
Deferred revenue	11,954,665	15,750	-	-	4,624,381	16,594,796
Total liabilities	18,492,017	71,895	-	406,716	6,784,094	25,754,722
Fund balances						
Reserved for						
Advances to other fund:	908,247	-	-	-	-	908,247
Prepaid items	13,734	3,804	-	-	4,868	22,406
Nonexpendable trusts:	-	218,110	-	-	-	218,110
Revenue sharing reserv	-	-	8,842,284	-	-	8,842,284
Unreserved						
Designated for subsequent years' expenditure						
General fund	577,275	-	-	-	-	577,275
Special revenue fund:	-	388,133	-	-	420,756	808,889
Designated for marriage counseling prograr						
Special revenue fund:	-	-	-	-	110,703	110,703
Undesignated	4,818,562	411,954	-	-	-	5,230,516
Undesignated, reported in nonmajo						
Special revenue fund:	-	-	-	-	2,495,122	2,495,122
Debt service fund:	-	-	-	-	1,144	1,144
Capital projects funds	-	-	-	5,094,970	2,495,138	7,590,108
Total fund balances	6,317,818	1,022,001	8,842,284	5,094,970	5,527,731	26,804,804
Total liabilities and fund balances	\$ 24,809,835	\$ 1,093,896	\$ 8,842,284	\$ 5,501,686	\$ 12,311,825	\$ 52,559,526

Continued...

The accompanying notes are an integral part of these financial statements.

GRAND TRAVERSE COUNTY

BALANCE SHEET GOVERNMENTAL FUNDS

DECEMBER 31, 2005

Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets

Fund balances - total governmental funds	\$	26,804,804
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.

Add: capital assets	53,127,373
Subtract: accumulated depreciation	(13,997,566)

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Some of these assets (such as loan and lease receivables) are offset by deferred revenues in the governmental funds, and thus are not included in fund balance.

Add: deferred revenue on loan receivables	2,892,924
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Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets.

Add: net assets of governmental activities accounted for in internal service funds	1,133,382
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Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.

Add: bond issuance costs	113,406
Subtract: accumulated amortization of bond issuance costs	(7,115)
Subtract: bonds payable	(14,380,000)
Subtract: compensated absences and other long-term liabilities	(1,257,456)
Subtract: accrued interest on long-term liabilities	(123,065)

Net assets of governmental activities	\$	<u>54,306,687</u>
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Concluded

The accompanying notes are an integral part of these financial statements.

GRAND TRAVERSE COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2005

	General	Grand Traverse County Health	Revenue Sharing Reserve	Building Authority Courthouse	Other Governmental Funds	Total
Revenues						
Taxes	\$ 17,763,324	\$ -	\$ 5,550,000	\$ -	\$ 883,220	\$ 24,196,544
Licenses and permits	128,621	437,609	-	-	-	566,230
Intergovernmental						
Federal sources	1,028,702	1,082,397	-	-	1,642,217	3,753,316
State sources	1,807,157	136,443	-	-	1,817,523	3,761,123
Local sources	1,663,918	131,986	-	-	1,411,930	3,207,834
Charges for services	5,263,157	782,534	-	-	668,051	6,713,742
Fines and forfeits	175,666	-	-	-	-	175,666
Reimbursements	1,968,262	-	-	-	-	1,968,262
Contributions	66,791	-	-	-	-	66,791
Rental revenue	479,294	-	-	-	148,121	627,415
Interest revenue	719,928	-	-	178,285	90,904	989,117
Other revenue	48,811	945,012	-	-	507,537	1,501,360
Total revenues	31,113,631	3,515,981	5,550,000	178,285	7,169,503	47,527,400
Expenditures						
Current expenditures						
Legislative	385,515	-	-	-	-	385,515
Judicial	2,159,022	-	-	-	5,915,207	8,074,229
General government	7,733,951	-	-	-	2,219,686	9,953,637
Public safety	13,177,370	-	-	-	515,268	13,692,638
Health and welfare	280,168	4,657,717	-	-	4,706,075	9,643,960
Recreation and cultural	-	-	-	-	763,993	763,993
Debt service						
Principal	-	-	-	-	345,000	345,000
Interest and fiscal charges	-	-	-	-	259,243	259,243
Capital outlay	622,432	37,355	-	3,394,417	219,696	4,273,900
Total expenditures	24,358,458	4,695,072	-	3,394,417	14,944,168	47,392,115
Excess (deficiency) of revenue over expenditures	6,755,173	(1,179,091)	5,550,000	(3,216,132)	(7,774,665)	135,285
Other financing sources (uses)						
Transfers in	2,184,052	1,126,666	-	-	7,445,556	10,756,274
Bond proceeds	-	-	-	8,385,000	-	8,385,000
Bond discount	-	-	-	(73,898)	-	(73,898)
Sale of capital assets	-	3,550	-	-	-	3,550
Transfers (out)	(8,291,175)	-	(1,375,035)	-	(92,756)	(9,758,966)
Total other financing sources (uses)	(6,107,123)	1,130,216	(1,375,035)	8,311,102	7,352,800	9,311,960
Net change in fund balance:	648,050	(48,875)	4,174,965	5,094,970	(421,865)	9,447,245
Fund balance, beginning of year	5,669,768	1,070,876	4,667,319	-	5,949,596	17,357,559
Fund balance, end of year	\$ 6,317,818	\$ 1,022,001	\$ 8,842,284	\$ 5,094,970	\$ 5,527,731	\$ 26,804,804

Continued...

The accompanying notes are an integral part of these financial statements.

GRAND TRAVERSE COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2005

Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Net change in fund balances - total governmental funds	\$ 9,447,245
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Amounts reported for governmental activities in the statement of activities are different because

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add: capital outlay	5,847,010
Subtract: depreciation expense	(1,165,818)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Add: increase in deferred loan receivables	411,821
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Subtract: increase in accrued interest payable	(53,423)
Subtract: increase in the accrual of compensated absences	(26,463)

Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Bond discounts, premiums and issue costs are reported as expenditures or other financing sources/uses in the governmental funds, but are reported as asset accounts in the statement of net assets and are amortized.

Subtract: current year bond proceeds	(8,385,000)
Add: current year principal payments	345,000
Add: bond discount	73,898
Subtract: amortization of bond issue costs	(4,481)

Internal service funds are used by management to charge the costs of certain activities, such as equipment usage and employee benefits, to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities.

Add: net loss of internal service funds	(26,381)
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Change in net assets of governmental activities	\$ 6,463,408
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Concluded

The accompanying notes are an integral part of these financial statements.

GRAND TRAVERSE COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2005

	Original Budget	Amended Budget	Actual	Amended Budget to Actual Over (Under)
Revenues				
Taxes				
Current property taxes	\$ 16,542,000	\$ 16,621,000	\$ 16,930,290	\$ 309,290
Delinquent property taxes	55,000	55,000	85,582	30,582
Swamp land tax	56,050	56,050	56,043	(7)
Trailer tax	10,250	10,250	8,963	(1,287)
Payment in lieu of taxes	17,000	17,000	18,591	1,591
Commercial forest reserve tax	3,500	3,500	756	(2,744)
Industrial and commercial facilities taxes	62,000	62,000	49,809	(12,191)
Interest on taxes	2,850	2,850	3,852	1,002
Liquor tax	513,897	560,896	560,896	-
Cigarette tax	37,460	48,542	48,542	-
Total taxes	17,300,007	17,437,088	17,763,324	326,236
Licenses and permits				
Soil erosion	79,000	80,418	99,110	18,692
Pistol permits	5,000	5,000	10,630	5,630
Marriage licenses	5,000	5,000	5,030	30
Township liquor licenses	13,000	13,000	13,019	19
Livery licenses	1,000	1,000	832	(168)
Total licenses and permits	103,000	104,418	128,621	24,203
Federal sources				
Byrne	150,000	32,558	35,404	2,846
Cooperative reimbursement - prosecutor	137,037	137,037	79,335	(57,702)
Anti-drug abuse act	40,000	40,000	36,485	(3,515)
Equal start/parents as teachers	175,852	175,852	83,166	(92,686)
Wind energy outreach project	-	14,372	14,371	(1)
Bullet proof vests	15,000	58,122	67,132	9,010
Live Scan	-	15,000	14,569	(431)
OWI and seat-belt enforcement	-	-	5,178	5,178
Supplemental planning	143,750	143,750	-	(143,750)
Regional planning	-	13,372	-	(13,372)
Highway safety	-	-	-	-
Emergency management	19,984	1,195,199	663,312	(531,887)
Memorial monument	-	29,750	29,750	-
Total federal sources	681,623	1,855,012	1,028,702	(826,310)

Continued...

The accompanying notes are an integral part of these financial statements.

GRAND TRAVERSE COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2005

	Original Budget	Amended Budget	Actual	Amended Budget to Actual Over (Under)
State sources				
Circuit judge standardization	\$ 60,000	\$ 60,000	\$ 60,356	\$ 356
District judge standardization	98,000	98,000	98,215	215
Probate judge standardization	53,000	53,000	53,316	316
Probate judge salary	94,195	94,195	94,195	-
Probate juvenile officer salary	-	71,275	88,022	16,747
Cooperative reimbursement				
- prosecutor supplemental	5,938	2,969	2,969	-
Victim's rights act	51,100	51,100	51,100	-
Remonumentation	50,658	122,871	122,357	(514)
DSS inspections	10,500	10,500	12,625	2,125
Cooperative extension	32,500	32,500	26,335	(6,165)
Secondary road patrol	116,000	116,000	117,467	1,467
911 public safety	140,000	491,978	499,509	7,531
Marine safety	55,000	55,000	58,938	3,938
Corrections training	55,000	70,000	8,807	(61,193)
State court fund distribution	500,000	500,000	482,855	(17,145)
Caseflow assistance	27,300	27,300	30,091	2,791
State revenue sharing	1,300,000	-	-	-
Total state sources	2,649,191	1,856,688	1,807,157	(49,531)
Local sources	1,635,288	1,717,970	1,663,918	(54,052)

Continued...

The accompanying notes are an integral part of these financial statements.

GRAND TRAVERSE COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2005

	Original Budget	Amended Budget	Actual	Amended Budget to Actual Over (Under)
Charges for services				
Circuit court costs and services	\$ 181,371	\$ 181,371	\$ 175,050	\$ (6,321)
District court costs and services	1,614,280	1,614,280	1,724,073	109,793
Probate court services	319,500	499,725	515,743	16,018
Clerk services	186,100	186,100	194,983	8,883
Equalization	3,000	3,585	4,572	987
Equalization - East Bay	-	10,906	10,907	1
Prosecuting attorney	13,200	13,200	17,105	3,905
Register of deeds services	871,500	883,500	760,608	(122,892)
Register of deeds land transfer	555,000	555,000	683,969	128,969
Treasurer services	7,425	7,425	7,923	498
Cooperative extenstion	80,744	80,744	110,901	30,157
Building and grounds	61,000	61,000	79,712	18,712
Sheriff services	55,600	58,772	67,265	8,493
Central dispatch	495,000	495,000	458,904	(36,096)
Sheriff - corrections	359,600	374,600	414,332	39,732
Planning department	28,000	28,000	3,420	(24,580)
GIS	6,800	10,800	13,105	2,305
Brownfield administration	27,950	27,950	5,610	(22,340)
Other services	6,400	6,400	5,975	(425)
Food service	12,000	12,000	9,000	(3,000)
Total charges for services	4,884,470	5,110,358	5,263,157	152,799
Fines and forfeitures				
Forfeitures	30,000	30,000	30,210	210
Ordinance fines	148,500	148,500	145,456	(3,044)
Total fines and forfeitures	178,500	178,500	175,666	(2,834)
Reimbursements				
Indirect cost recovery	1,477,565	1,523,105	1,483,092	(40,013)
Other reimbursements and refunds	58,060	158,544	174,829	16,285
Attorney fee reimbursement	282,500	282,775	310,341	27,566
Total reimbursements	1,818,125	1,964,424	1,968,262	3,838
Contributions	8,500	72,284	66,791	(5,493)

Continued...

The accompanying notes are an integral part of these financial statements.

GRAND TRAVERSE COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2005

	Original Budget	Amended Budget	Actual	Amended Budget to Actual Over (Under)
Interest and rents				
Interest income	\$ 650,000	\$ 650,000	\$ 719,928	\$ 69,928
Rental revenue	514,064	517,164	479,294	(37,870)
Total interest and rents	1,164,064	1,167,164	1,199,222	32,058
Other revenues				
Salvage sales	2,000	2,000	1,143	(857)
Collection fees	40,000	40,000	47,668	7,668
Total other revenues	42,000	42,000	48,811	6,811
Total revenues	30,464,768	31,505,906	31,113,631	(392,275)
Expenditures				
Legislative				
Board of Commissioners	405,700	407,380	385,515	21,865
Judicial				
Circuit court	27,163	27,163	15,954	11,209
Jury commission	47,097	47,051	43,523	3,528
Probate court	612,641	617,273	585,390	31,883
Probate court - juvenile	1,486,334	1,522,412	1,514,155	8,257
Total judicial	2,173,235	2,213,899	2,159,022	54,877
General government				
County administrator	319,726	302,564	281,843	20,721
Brownfield administration	46,930	46,858	20,332	26,526
Elections	56,331	51,931	28,848	23,083
Accounting	377,049	377,526	382,618	(5,092)
County clerk	696,817	706,755	679,761	26,994
Equalization	416,963	416,513	414,583	1,930
Equalization - East Bay	-	10,906	10,051	855
Human resources	398,058	400,412	381,504	18,908

Continued...

The accompanying notes are an integral part of these financial statements.

GRAND TRAVERSE COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2005

	Original Budget	Amended Budget	Actual	Amended Budget to Actual Over (Under)
General government				
Training	\$ 6,050	\$ 7,950	\$ 7,068	\$ 882
Prosecuting attorney	1,291,922	1,287,181	1,107,519	179,662
Register of deeds	294,997	306,603	286,713	19,890
County surveyor	50,658	92,220	91,706	514
County treasurer	370,223	369,808	355,779	14,029
Cooperative extension	592,496	631,426	591,949	39,477
Facilities management	1,225,978	1,222,515	1,171,991	50,524
Drain commission	260,050	264,408	240,668	23,740
Soil conservation	41,000	41,000	41,000	-
Contingencies	376,901	60,234	-	60,234
Remonumentation	-	30,651	30,651	-
Special appropriations	817,387	831,887	830,227	1,660
Insurance and bonds	690,000	790,000	779,140	10,860
Total general government	8,329,536	8,249,348	7,733,951	515,397
Public safety				
Secondary road patrol	159,804	156,999	136,192	20,807
Central records	887,708	894,278	905,840	(11,562)
Grand traverse central dispatch	1,237,624	1,195,087	1,195,928	(841)
Special investigation	160,941	158,164	154,065	4,099
County investigation	1,003,612	1,012,236	968,981	43,255
County patrol	3,662,969	3,911,070	3,783,963	127,107
D.A.R.E. program	4,000	4,000	-	4,000
Project life-saver	-	7,500	3,732	3,768
OWI and seat-belt enforcement	-	-	5,178	(5,178)
Sheriff administration	478,856	494,824	480,009	14,815
Marine law enforcement	128,495	132,002	154,310	(22,308)
Township fire	49,559	49,493	48,455	1,038
Corrections	3,462,915	3,558,632	3,548,679	9,953
Corrections - interim service	150,000	316,000	299,480	16,520
Planning	178,058	188,829	102,449	86,380
G.I.S. assessment project	478,571	486,139	334,228	151,911
Emergency management	104,217	1,283,381	746,703	536,678
Department of public works	5,383	5,383	3,730	1,653
Substance abuse	256,949	280,448	280,448	-
Ambulance	25,000	25,000	25,000	-
Total public safety	12,434,661	14,159,465	13,177,370	982,095

Continued...

The accompanying notes are an integral part of these financial statements.

GRAND TRAVERSE COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2005

	Original Budget	Amended Budget	Actual	Amended Budget to Actual Over (Under)
Health and welfare				
Veterans counselor	\$ 259,449	\$ 274,356	\$ 280,168	\$ (5,812)
Capital outlay	229,575	633,204	622,432	10,772
Total expenditures	23,832,156	25,937,652	24,358,458	1,579,194
Revenues over (under) expenditures	6,632,612	5,568,254	6,755,173	1,186,919
Other financing sources (uses)				
Transfers in	726,308	2,031,308	2,184,052	152,744
Transfers out				
Probate court juvenile	(2,000)	-	-	-
Building authority debt	(529,718)	(534,718)	(604,297)	(69,579)
Local law enforcement block grant	-	-	(1,648)	(1,648)
Veteran's trust	-	-	(552)	(552)
Maple Bay development	-	(9,000)	-	9,000
County law library	(60,080)	(60,080)	(60,080)	-
Health department	(1,118,845)	(1,126,667)	(1,126,667)	-
Child care	(1,050,000)	(1,308,000)	(1,308,000)	-
Family independence agency	(55,058)	(55,609)	(55,609)	-
Commission on aging	(2,500)	(2,500)	(2,500)	-
Parks and recreation	(195,941)	(143,210)	(143,210)	-
Friend of the court	(271,865)	(286,865)	(286,865)	-
County facilities	(950,000)	(950,000)	(950,000)	-
Gypsy moth control	(12,315)	(12,315)	(12,315)	-
District court building fund	(500,000)	(500,000)	(475,512)	24,488
Circuit court	(1,175,936)	(1,175,936)	(1,105,455)	70,481
86th District court	(2,050,730)	(2,050,730)	(1,978,130)	72,600
Debt service	(175,000)	(175,000)	(150,335)	24,665
Community corrections	(30,000)	(30,000)	(30,000)	-
Total other financing sources (uses)	(7,453,680)	(6,389,322)	(6,107,123)	282,199
Net change in fund balance	(821,068)	(821,068)	648,050	1,469,118
Fund balance, beginning of year	5,669,768	5,669,768	5,669,768	-
Fund balance, end of year	\$ 4,848,700	\$ 4,848,700	\$ 6,317,818	\$ 1,469,118

Concluded

The accompanying notes are an integral part of these financial statements.

GRAND TRAVERSE COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL HEALTH SPECIAL REVENUE FUND

FOR THE YEAR ENDED DECEMBER 31, 2005

	Original Budget	Amended Budget	Actual	Amended Budget to Actual Over (Under)
Revenues				
Licenses and permits	\$ 452,225	\$ 452,225	\$ 437,609	\$ (14,616)
Federal sources	1,057,328	1,071,843	1,082,397	10,554
State sources	126,334	128,164	136,443	8,279
Local sources	96,793	146,593	131,986	(14,607)
Charges for services	838,965	840,965	782,534	(58,431)
Other revenue	1,039,846	1,039,846	945,012	(94,834)
Total revenues	3,611,491	3,679,636	3,515,981	(163,655)
Expenditures				
Health and welfare	4,953,256	5,030,704	4,657,717	372,987
Capital outlay	19,329	95,627	37,355	58,272
Total expenditures	4,972,585	5,126,331	4,695,072	431,259
Revenues over (under) expenditures	(1,361,094)	(1,446,695)	(1,179,091)	267,604
Other financing sources				
Transfer in	1,118,845	1,118,845	1,126,666	7,821
Sale of capital assets	-	-	3,550	3,550
Total other financing sources	1,118,845	1,118,845	1,130,216	11,371
Net change in fund balance	(242,249)	(327,850)	(48,875)	278,975
Fund balance, beginning of year	1,070,876	1,070,876	1,070,876	-
Fund balance, end of year	\$ 828,627	\$ 743,026	\$ 1,022,001	\$ 278,975

The accompanying notes are an integral part of these financial statements.

GRAND TRAVERSE COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL REVENUE SHARING RESERVE FUND

FOR THE YEAR ENDED DECEMBER 31, 2005

	Original Budget	Amended Budget	Actual	Amended Budget to Actual Over (Under)
Revenues				
Taxes	\$ -	\$ 1,375,035	\$ 5,550,000	\$ 4,174,965
Other financing uses				
Transfer out	-	(1,375,035)	(1,375,035)	-
Net change in fund balance	-	-	4,174,965	4,174,965
Fund balance, beginning of year	4,667,319	4,667,319	4,667,319	-
Fund balance, end of year	\$ 4,667,319	\$ 4,667,319	\$ 8,842,284	\$ 4,174,965

The accompanying notes are an integral part of these financial statements.

GRAND TRAVERSE COUNTY

STATEMENT OF NET ASSETS PROPRIETARY FUNDS

DECEMBER 31, 2005

	Grand Traverse Pavilions	2004 Tax Levy	Other Enterprise Funds
Assets			
Current assets			
Cash and investments - cash equivalents	\$ 2,869,666	\$ 4,175,496	\$ 5,400,084
Receivables, net			
Accounts	1,655,834	-	88,066
Taxes	2,349,244	1,695,899	196,241
Interest	-	223,588	78,255
Due from State	-	1,629	3,662
Prepaid items and other assets	17,803	-	-
Inventories	70,218	-	-
Total current assets	6,962,765	6,096,612	5,766,308
Noncurrent assets			
Capital assets			
Land	1,820,550	-	-
Other capital assets, net of depreciation	28,611,224	-	136,108
Total capital assets	30,431,774	-	136,108
Other assets			
Unamortized bond issuance costs	319,012	-	-
Total noncurrent assets	30,750,786	-	136,108
Total assets	37,713,551	6,096,612	5,902,416
Liabilities			
Current liabilities			
Accounts payable	252,289	-	152,952
Accrued liabilities	525,703	-	20,205
Accrued interest payable	286,058	-	-
Due to other funds	-	-	-
Due to other governments	225,293	-	-
Current portion of long-term liabilities	1,487,042	-	-
Unearned revenue	2,349,244	-	-
Total current liabilities	5,125,629	-	173,157
Long-term liabilities			
Advance from other funds	-	-	-
Notes payable	-	-	-
Bonds payable	21,857,943	-	-
Compensated absences	373,716	-	53,451
Total long-term liabilities	22,231,659	-	53,451
Total liabilities	27,357,288	-	226,608
Net assets			
Investment in capital assets, net of related debt	7,098,831	-	136,108
Unrestricted	3,257,432	6,096,612	5,539,700
Total net assets	\$ 10,356,263	\$ 6,096,612	\$ 5,675,808

The accompanying notes are an integral part of these financial statements.

<u>Total</u>	<u>Internal Service Funds</u>
\$ 12,445,246	\$ 1,150,042
1,743,900	419,250
4,241,384	-
301,843	-
5,291	-
17,803	137,440
70,218	-
18,825,685	1,706,732
1,820,550	-
28,747,332	668,305
30,567,882	668,305
319,012	-
30,886,894	668,305
49,712,579	2,375,037
405,241	22,203
545,908	515,968
286,058	-
-	68,306
225,293	-
1,487,042	24,822
2,349,244	-
5,298,786	631,299
-	492,181
-	82,747
21,857,943	-
427,167	35,428
22,285,110	610,356
27,583,896	1,241,655
7,234,939	345,649
14,893,744	787,733
\$ 22,128,683	\$ 1,133,382

GRAND TRAVERSE COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2005

	Grand Traverse Pavilions	2004 Tax Levy	Other Enterprise Funds
Operating revenues			
Charges for services	\$ 17,329,099	\$ 149,980	\$ 875,921
Licenses and permits	-	-	2,063,275
State sources	-	-	7,722
Rental revenue	-	-	-
Interest revenue	-	332,692	154,696
Other	2,578,062	5,265	29,095
Total operating revenues	19,907,161	487,937	3,130,709
Operating expenses			
Personnel services	14,157,253	-	1,399,698
Supplies	1,865,806	-	74,811
Contractual services	1,487,897	-	600,047
Other	2,432,983	-	242,346
Depreciation and amortization	1,276,985	-	52,791
Total operating expenses	21,220,924	-	2,369,693
Operating income (loss)	(1,313,763)	487,937	761,016
Nonoperating revenue (expense)			
Property taxes	2,216,766	-	-
Local sources	205,037	-	-
Sale of capital assets	-	-	10,885
Interest revenue	25,471	76,779	121,812
Interest and fiscal charges	(1,144,145)	-	-
Total nonoperating revenue	1,303,129	76,779	132,697
Income before transfers	(10,634)	564,716	893,713
Transfers			
Transfers in	-	5,535,897	1,162,922
Transfers out	-	(39,653)	(7,656,474)
Total transfers	-	5,496,244	(6,493,552)
Change in net assets	(10,634)	6,060,960	(5,599,839)
Net assets, beginning of year	10,366,897	35,652	11,275,647
Net assets, end of year	\$ 10,356,263	\$ 6,096,612	\$ 5,675,808

The accompanying notes are an integral part of these financial statements.

Total	Internal Service Funds
\$ 18,355,000	\$ 10,237,958
2,063,275	-
7,722	-
-	288,504
487,388	-
2,612,422	119,523
23,525,807	10,645,985
15,556,951	668,804
1,940,617	336,618
2,087,944	8,136,950
2,675,329	1,063,044
1,329,776	478,902
23,590,617	10,684,318
(64,810)	(38,333)
2,216,766	-
205,037	-
10,885	-
224,062	12,148
(1,144,145)	(196)
1,512,605	11,952
1,447,795	(26,381)
6,698,819	-
(7,696,127)	-
(997,308)	-
450,487	(26,381)
21,678,196	1,159,763
\$ 22,128,683	\$ 1,133,382

GRAND TRAVERSE COUNTY

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2005

	Grand Traverse Pavilions	2004 Tax Levy	Other Enterprise Funds
Cash flows from operating activities			
Cash receipts from services	\$ 19,708,994	\$ -	\$ 2,791,340
Cash receipts from payment of delinquent taxes	-	4,180,765	1,980,804
Cash receipts from interfund services	-	-	-
Cash payments to suppliers for goods and services	(5,731,264)	-	(979,505)
Cash payments to employees for services	(14,027,274)	-	(1,394,794)
Cash payments for delinquent taxes	-	(5,535,897)	-
Cash payments to other governmental agencies	-	-	(1,380)
Net cash (used in) provided by operating activities	(49,544)	(1,355,132)	2,396,465
Cash flows from non-capital financing activities			
Advance to other funds	-	-	-
Due to other funds	-	-	-
Transfer from other funds	-	5,535,897	1,162,922
Transfer to other funds	-	(39,653)	(7,656,474)
Cash received from property taxes	2,216,766	-	-
Cash received from local grants	205,037	-	-
Net cash provided by (used in) non-capital financing activities	2,421,803	5,496,244	(6,493,552)
Cash flows from capital and related financing activities			
Principal payments	(1,290,599)	-	-
Interest payments	(1,159,516)	-	-
Note proceeds	-	-	-
Proceeds from sale of capital assets	-	-	10,885
Purchases of capital assets	(165,920)	-	(79,915)
Net cash used in capital and related financing activities	(2,616,035)	-	(69,030)
Cash flows from investing activities			
Interest received	25,471	22,793	153,307
Net (decrease) increase in cash and cash equivalents	(218,305)	4,163,905	(4,012,810)
Cash and investments - cash equivalents, beginning of year	3,087,971	11,591	9,412,894
Cash and investments - cash equivalents, end of year	\$ 2,869,666	\$ 4,175,496	\$ 5,400,084

The accompanying notes are an integral part of these financial statements.

GRAND TRAVERSE COUNTY

Statement of Cash Flows Proprietary Funds

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Grand Traverse Pavilions</u>	<u>2004 Tax Levy</u>	<u>Other Enterprise Funds</u>
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities			
Operating (loss) income	\$ (1,313,763)	\$ 487,937	\$ 761,016
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities			
Depreciation and amortization	1,276,985	-	52,791
Changes in assets and liabilities			
Accounts receivables	(198,167)	-	(33,969)
Taxes receivables	-	(1,672,775)	1,506,588
Interest receivables	-	(168,665)	172,478
Due from other governments	-	(1,629)	(3,662)
Prepaid items and other assets	53,545	-	150
Inventories	(12,378)	-	-
Accounts payable	(24,814)	-	(63,831)
Accrued and other liabilities	129,979	-	4,904
Due to other governments	39,069	-	-
Net cash (used in) provided by operating activities	<u><u>\$ (49,544)</u></u>	<u><u>\$ (1,355,132)</u></u>	<u><u>\$ 2,396,465</u></u>

The accompanying notes are an integral part of these financial statements.

Total	Internal Service Funds
\$ 22,500,334	\$ -
6,161,569	-
-	10,392,727
(6,710,769)	(9,565,199)
(15,422,068)	(695,089)
(5,535,897)	-
(1,380)	-
991,789	132,439
-	(288,504)
-	36,722
6,698,819	-
(7,696,127)	-
2,216,766	-
205,037	-
1,424,495	(251,782)
(1,290,599)	(41,029)
(1,159,516)	(196)
-	138,163
10,885	-
(245,835)	(149,209)
(2,685,065)	(52,271)
201,571	12,148
(67,210)	(159,466)
12,512,456	1,309,508
\$ 12,445,246	\$ 1,150,042

Continued...

<u>Total</u>	<u>Internal Service Funds</u>
\$ (64,810)	\$ (38,333)
1,329,776	478,902
(232,136)	(253,258)
(166,187)	-
3,813	-
(5,291)	-
53,695	(10,405)
(12,378)	-
(88,645)	(40,390)
134,883	(4,077)
39,069	-
<u>\$ 991,789</u>	<u>\$ 132,439</u>

Concluded

GRAND TRAVERSE COUNTY

STATEMENT OF NET ASSETS FIDUCIARY FUNDS

DECEMBER 31, 2005

	Agency Funds
	<hr/>
Assets	
Cash and investments - cash equivalents	\$ 3,090,486
Accounts receivable	843,708
	<hr/>
Total assets	<u><u>\$ 3,934,194</u></u>
Liabilities	
Due to other governments	\$ 1,785,815
Accounts payable	891,995
Court items payable	270,688
Undistributed receipts	946,135
Other liabilities	39,561
	<hr/>
Total liabilities	<u><u>\$ 3,934,194</u></u>

The accompanying notes are an integral part of these financial statements.

GRAND TRAVERSE COUNTY

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DECEMBER 31, 2005

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GRAND TRAVERSE COUNTY

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Grand Traverse County, (the “County”) was organized in 1851 and covers an area of approximately 485 square miles with the County seat located in Traverse City, Michigan. The County operates under an elected Board of Commissioners of nine (9) members and provides services, assistance and care to County residents, primarily from the operations of its General Fund and special revenue funds. The County's services, assistance and care includes the (1) general County departments, boards and commissions; (2) court system administration; (3) law enforcement and corrections; (4) assistance and/or institutional care to the aged, needy, wards of the court and neglected children and public and mental health recipients and (5) recreation and cultural.

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the County and its component units. The component units discussed below are included in Grand Traverse County's reporting entity because of the significance of their operational or financial relationship with the County.

Blended Component Unit. The Grand Traverse County Building Authority is governed by a three member board appointed by the County Board of Commissioners. Although it is legally separate from Grand Traverse County, the Grand Traverse County Building Authority is reported as if it were part of the primary government because its sole purpose is to obtain financing and pay for construction and capital improvements of County facilities.

Discretely-Presented Component Units. The component unit columns in the combined financial statements include the financial data of the County's five discrete component units. These component units are presented in separate columns to emphasize that they are legally separate from Grand Traverse County.

Grand Traverse County Road Commission - Members of the governing body of the Road Commission are appointed by the County Board of Commissioners. The County also has the ability to influence the operations of the Road Commission and has accountability for fiscal matters.

Separate financial statements for the Road Commission are available from the Grand Traverse County Road Commission, 3949 Silver Lake Road, Traverse City, MI 49684.

Department of Public Works – Members of the governing body of the Department of Public Works are appointed by the County Board of Commissioners. The County also has the ability to influence operations of the Department of Public Works and has accountability for fiscal matters.

GRAND TRAVERSE COUNTY

NOTES TO FINANCIAL STATEMENTS

Drain Commission – Each of the drainage districts established pursuant to the Drain Code of 1956 are separate legal entities, with the power to contract, to sue and be sued, to hold, manage and dispose of real and personal property, etc. The statutory drainage board of Chapter 21 drainage districts consists of the State Director of Agriculture and the Drain Commissioner of each county involved in the project. The County Drain Commissioner has sole responsibility to administer the drainage districts established pursuant to Chapters 3, 4 and 8 of the Drain Code. The Drainage Board or Drain Commissioner, on behalf of the drainage districts, may issue debt and levy special assessments authorized by the Drain Code without the prior approval of the County Board of Commissioners. The full faith and credit of the County may be given for the debt of the drainage district.

Brownfield Redevelopment Authority – The Members of the governing board of the Brownfield Redevelopment Authority are appointed by the County Commission. They review and approve plans for business development within designated areas of the County where property was once contaminated. Property tax revenues from the “captured” portion of these properties are restricted to pay for site clean-up expenditures and future development depending on the development plan adopted for each project. The County has the ability to significantly influence the operations of the Brownfield Redevelopment Authority.

Economic Development Corporation - Members of the governing body of the Economic Development Corporation are appointed by the County Board of Commissioners. The County also has the ability to influence the operations of the Economic Development Corporation and has accountability for fiscal matters.

Regional Joint Operation

Grand Traverse County participates in the operation of the Northwest Michigan Regional Airport Commission with Leelanau County. The Airport Commission operates with a separate treasurer.

Separate financial statements for the Airport Commission are available from the Northwest Michigan Regional Airport Commission, Cherry Capital Airport Administrative Office, Traverse City, MI 49684.

The County also participates jointly in the operation of the North Central Community Mental Health Authority with Missaukee, Leelanau, Crawford, Roscommon and Wexford Counties. All financial operations of the Authority are recorded in Wexford County. The funding formula requires the County to provide approximately 66% of the local unit budget appropriation requirement, which amounted to \$682,200 for the year ended December 31, 2005.

GRAND TRAVERSE COUNTY

NOTES TO FINANCIAL STATEMENTS

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for agency funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current period or within one year for reimbursement-based grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

GRAND TRAVERSE COUNTY

NOTES TO FINANCIAL STATEMENTS

Property taxes, state-shared revenue, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Grand Traverse County Health Fund* accounts for the federal and state grants, local service fees, and General Fund appropriations, which are used to provide health services to citizens of the County.

The *Revenue Sharing Reserve Fund* accounts for the funding mechanism to serve as a substitute to County revenue sharing payments, which is the gradual shift of the County property tax levy.

The *Building Authority - Courthouse Fund* was established to account for the construction costs associated with the new District/Probate Courthouse.

The government reports the following major proprietary funds:

The *Grand Traverse Pavilions Fund* accounts for the activities of the government's medical care facility.

The *2004 Tax Levy Enterprise Fund* accounts for the funds paid to each local governmental unit, including the County General Fund, the respective amount of taxes not collected as of March 1st from the 2004 tax levy. Financing for these purchases was provided by subsequent collection of delinquent property taxes by the County Treasurer.

Additionally, the government reports the following fund types:

The *internal service funds* account for benefits provided to other departments or agencies of the government, on a cost reimbursement basis, largely for equipment usage and insurance charges including fringe benefits.

The *agency funds* account for assets held for other governments in an agency capacity.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

GRAND TRAVERSE COUNTY

NOTES TO FINANCIAL STATEMENTS

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Grand Traverse Pavilions, delinquent tax revolving, inspections and solid waste enterprise funds and the discretely presented component unit department of public works enterprise funds and the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, liabilities and net assets or equity

1. Deposits and pooled investments

The County considers cash and investments – cash equivalents to be cash and cash equivalents for statement of cash flow purposes. Investments within pooled cash and investments are not identifiable to specific funds and the assets can be withdrawn at anytime similar to a demand deposit account.

State statutes authorize the County to invest in obligations of the U.S. Treasury and U.S. agencies, deposit agreements with federally insured financial institutions within the State of Michigan, high grade commercial paper, repurchase obligations of the U.S. Government and U.S. agencies, banker's acceptances of U.S. banks and mutual funds comprised of the above authorized investments.

The County's deposits and investment policy are in accordance with statutory authority.

2. Investments

Investments displayed on the financial statements and included in the cash and investments – cash equivalents caption are recorded at fair value. The investment pools operate in accordance with appropriate state laws and regulations. The reported value of the pools is the same as the fair value of the pool shares.

GRAND TRAVERSE COUNTY

NOTES TO FINANCIAL STATEMENTS

3. *Receivables and payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All Grand Traverse Pavilions’ accounts are shown net of an allowance for uncollectible accounts. Grand Traverse Pavilions’ accounts receivable in excess of 120 days comprise the allowance for uncollectible accounts.

4. *Lease receivable*

The Department of Public Works has entered into various lease agreements with local governments to issue bonded debt and to manage the construction of water and sewer systems in those jurisdictions. These agreements generally terminate with the retirement of the related bond issues. Leases receivable are reported at an amount equal to the lesser of the actual bond-financed construction costs incurred to date or the outstanding bond principal. Annual lease payments under these agreements are equal to the related bond principal and interest due each year. At termination of a lease, title to the leased property is passed to the particular local governments.

Under the accrual basis of accounting and the provisions of FASB (Financial Accounting Standards Board) Statement No. 13, *Accounting for Leases*, the leases are classified as sales leases. As a result, lease receivable are recognized in the accompanying statement of net assets, whereas capital assets are not.

All lease agreements provide for the lessees to use, operate and maintain the systems, at their own expense, subject to the terms and conditions of the agreement.

5. *Inventories and prepaid items*

All inventories are valued at cost using the first-in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

GRAND TRAVERSE COUNTY

NOTES TO FINANCIAL STATEMENTS

6. *Capital assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was capitalized during the current year.

Capital assets of the primary government and component units are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	50
Land improvements	10-20
Public domain infrastructure	10-20
Vehicles	5
Equipment	5-25
Infrastructure	5-50

7. *Deferred / Unearned revenue*

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet earned.

At the end of the current fiscal year, the various components of unearned revenue reported in the County financial statements consist of unearned property taxes receivable in the General Fund, Grand Traverse County Commission on Aging special revenue fund, and the Grand Traverse Pavilions enterprise fund in the amounts of \$11,834,003, \$1,731,458 and \$2,349,244, respectively, grant drawdowns prior to meeting all eligibility requirements in the General Fund and Health Fund in the amounts of \$120,662 and \$15,750, respectively, and loan receivables in special revenue funds in the amount of \$2,892,923.

GRAND TRAVERSE COUNTY

NOTES TO FINANCIAL STATEMENTS

8. *Compensated absences*

It is the government's policy to permit employees to accumulate earned but unused vacation, sick and personal pay benefits depending on the date of hire. All accrued vacation, sick and personal pay benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

9. *Long-term obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. *Fund equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. *Budgetary information*

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General and special revenue funds. All annual appropriations lapse at year-end.

No later than December 31 of the preceding fiscal year the County Commission shall, by resolution, adopt the budget for the next year.

GRAND TRAVERSE COUNTY

NOTES TO FINANCIAL STATEMENTS

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing board is the function level, which is the level at which expenditures may not legally exceed appropriations. The County Administrator may make transfers of appropriations between departments within any funds; however any supplemental appropriations that amend the total expenditures of any fund require County Commission resolution.

B. Excess of expenditures over appropriations

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the County's actual expenditures and budgeted expenditures for the budgetary funds have been shown on the functional basis. The approved budgets of the County for the budgetary funds were adopted at the functional level. The following funds had excess expenditures over appropriations:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
Health and welfare	\$ 274,356	\$ 280,168	\$ 5,812
Special Revenue Fund			
Parks and Recreation Fund			
Capital Outlay	\$ 1,600	\$ 10,250	\$ 8,650
Law Enforcement Block Grant Fund			
Public Safety	\$ 11,053	\$ 12,701	\$ 1,648

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Cash and investments - cash equivalents are reported in the financial statements as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>	<u>Component Units</u>
Cash and investments - cash equivalents	<u>\$ 22,022,782</u>	<u>\$12,445,246</u>	<u>\$ 3,090,486</u>	<u>\$37,558,514</u>	<u>\$ 8,569,149</u>

The breakdown between deposits and investments is as follows:

Bank deposits (checking, savings accounts and certificates of deposit)	\$ 30,734,089
Investments	<u>15,393,574</u>
Total	<u>\$ 46,127,663</u>

GRAND TRAVERSE COUNTY

NOTES TO FINANCIAL STATEMENTS

The County chooses to disclose its investments by specifically identifying each. As of December 31, 2005, the County had the following investments:

Investment	Balance	Interest Rate	Maturity Date	Rating	Callable
FHLB	\$490,940	3.00-5.00%	06/30/08	S&P AAA	Quarterly
FHLB	496,720	2.50-6.00%	08/20/08	S&P AAA	Quarterly
FHLB	491,565	2.79%	11/21/06	S&P AAA	Daily
FHLMC	487,415	4.00-8.00%	09/17/12	S&P AAA	Daily
FHLB	488,125	4.00%	03/26/09	S&P AAA	Daily
FHLB	495,315	3.25-4.00%	11/20/06	S&P AAA	Annually
FHLB	491,250	3.00-5.00%	04/29/09	S&P AAA	Daily
FHLB	493,280	3.50-7.00%	09/15/09	S&P AAA	Quarterly
FHLB	487,030	3.38%	01/15/08	S&P AAA	
FHLB	992,710	3.13-6.00%	04/30/09	S&P AAA	Monthly
FHLB	497,030	3.50-4.50%	11/09/06	S&P AAA	Quarterly
FHLB	496,250	4.00%	12/29/06	S&P AAA	Quarterly
FHLB	497,030	3.75-5.75%	01/28/08	S&P AAA	Quarterly
FHLB	497,815	3.50-5.00%	11/16/06	S&P AAA	Quarterly
FHLB	496,405	4.00-8.00%	04/08/10	S&P AAA	Quarterly
FHLB	497,190	4.00-5.00%	08/10/07	S&P AAA	Quarterly
FHLB	494,065	3.50-4.50%	03/24/08	S&P AAA	One time – 3/24/06
FNMA	620,549	3.30%	06/02/09	S&P AAA	Daily
FHLB	955,630	3.00%	10/15/08	S&P AAA	Daily
FHLB	974,690	4.00%	05/20/09	S&P AAA	Daily
FHLB	496,720	4.00-6.00%	08/20/08	S&P AAA	Quarterly
FHLB	497,655	3.00%	04/24/06	S&P AAA	
FHLB	496,875	3.50-4.50%	11/28/06	S&P AAA	Semi- Annually
FHLB	492,970	3.25%	12/21/06	S&P AAA	
FHLB	482,725	4.70%	04/17/08	S&P AAA	Daily after 10/17/06
FHLB	495,315	3.25-4.00%	11/20/06	S&P AAA	Annually
FNMA	990,310	4.35%	11/24/08	S&P AAA	Quarterly
Total	<u>\$15,393,574</u>				

FNMA – Federal National Mortgage Association

FHLB – Federal Home Loan Bank

FHLMC – Federal Home Loan Mortgage Corporation

GRAND TRAVERSE COUNTY

NOTES TO FINANCIAL STATEMENTS

Investment and Deposit Risk

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified above. The County's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturity dates for each investment are identified above for investments held at year-end.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers' acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified above. The County's investment policy does not have specific limits in excess of state law pertaining to investment credit risk. The ratings for each investment are identified above for investments held at year-end.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County's investment policy does not have specific limits in excess of state law pertaining to custodial credit risk. The County does a quarterly internal rating of the banks it has deposits in excess of the FDIC limit with utilizing outside sources to obtain the ratings. As of year-end, \$31,339,654 of the bank balance of \$32,256,709 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. State law does not require and the County does not have a specific policy pertaining to investment custodial credit risk which is more restrictive than state law. As of December 31, 2005, the County has no custodial credit risk exposure for any of its investments.

Concentrations of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the listing above. The County's investment policy does not have specific limits in excess of state law on concentration of credit risk.

GRAND TRAVERSE COUNTY

NOTES TO FINANCIAL STATEMENTS

B. Capital assets

Capital assets activity for the year ended December 31, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Primary Government</u>				
Governmental activities				
Capital assets not being depreciated				
Land	\$ 16,353,090	\$ -	\$ -	\$ 16,353,090
Construction in progress	<u>370,583</u>	<u>4,530,949</u>	<u>-</u>	<u>4,901,532</u>
Total capital assets not being depreciated	<u>16,723,673</u>	<u>4,530,949</u>	<u>-</u>	<u>21,254,622</u>
Capital assets being depreciated				
Land improvements	804,208	44,143	-	848,351
Infrastructure	586,725	662,010	-	1,248,735
Buildings and improvements	23,364,673	235,960	-	23,600,633
Equipment and furniture	8,216,775	231,859	214,562	8,234,072
Vehicles	<u>2,350,871</u>	<u>291,298</u>	<u>174,928</u>	<u>2,467,241</u>
Total capital assets being depreciated	<u>35,323,252</u>	<u>1,465,270</u>	<u>389,490</u>	<u>36,399,032</u>
Less accumulated depreciation for				
Land improvements	325,840	42,581	-	368,421
Infrastructure	216,714	71,429	-	288,143
Buildings and improvements	8,600,523	606,206	-	9,206,729
Equipment and furniture	5,741,502	646,370	214,562	6,173,310
Vehicles	<u>1,715,730</u>	<u>278,134</u>	<u>174,928</u>	<u>1,818,936</u>
Total accumulated depreciation	<u>16,600,309</u>	<u>1,644,720</u>	<u>389,490</u>	<u>17,855,539</u>
Total capital assets being depreciated, net	<u>18,722,943</u>	<u>(179,450)</u>	<u>-</u>	<u>18,543,493</u>
Governmental activities capital assets, net	<u>\$ 35,446,616</u>	<u>\$ 4,351,499</u>	<u>\$ -</u>	<u>\$ 39,798,115</u>

GRAND TRAVERSE COUNTY

NOTES TO FINANCIAL STATEMENTS

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$ 1,820,550	\$ -	\$ -	\$ 1,820,550
Capital assets being depreciated				
Land improvements	2,701,760	5,207	-	2,706,967
Buildings and improvements	31,791,737	148,792	-	31,940,529
Equipment and furniture	2,460,823	11,921	-	2,472,744
Vehicles	<u>292,264</u>	<u>79,915</u>	<u>67,351</u>	<u>304,828</u>
Total capital assets being depreciated	<u>37,246,584</u>	<u>245,835</u>	<u>67,351</u>	<u>37,425,068</u>
Less accumulated depreciation for				
Land improvements	731,190	130,280	-	861,470
Buildings and improvements	5,135,754	962,651	-	6,098,405
Equipment and furniture	1,383,961	172,531	-	1,556,492
Vehicles	<u>190,353</u>	<u>38,367</u>	<u>67,351</u>	<u>161,369</u>
Total accumulated depreciation	<u>7,441,258</u>	<u>1,303,829</u>	<u>67,351</u>	<u>8,677,736</u>
Total capital assets being depreciated, net	<u>29,805,326</u>	<u>(1,057,994)</u>	<u>-</u>	<u>28,747,332</u>
Business-type activities capital assets, net	<u>\$ 31,625,876</u>	<u>\$ (1,057,994)</u>	<u>\$ -</u>	<u>\$ 30,567,882</u>

GRAND TRAVERSE COUNTY

NOTES TO FINANCIAL STATEMENTS

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases / Transfers</u>	<u>Ending Balance</u>
Grand Traverse County Road Commission Component unit –				
Capital assets not being depreciated				
Land and improvements	\$1,073,347	\$ -	\$ -	\$ 1,073,347
Land / right-of-way	15,112,804	1,098,917	-	16,211,721
Construction in progress	<u>4,675,238</u>	<u>-</u>	<u>1,894,407</u>	<u>2,780,831</u>
Total capital assets not being depreciated	<u>20,861,389</u>	<u>1,098,917</u>	<u>1,894,407</u>	<u>20,065,899</u>
Capital assets being depreciated				
Buildings	4,117,491	-	-	4,117,491
Road equipment	7,666,520	56,954	394,626	7,328,848
Shop equipment	229,717	2,796	-	232,513
Office equipment	341,821	6,016	-	347,837
Engineers equipment	261,589	1,595	-	263,184
Yard and storage	1,688,190	-	-	1,688,190
Infrastructure – bridges	765,296	189,496	-	954,792
Infrastructure – roads	<u>36,354,177</u>	<u>6,775,213</u>	<u>(924,100)</u>	<u>44,053,490</u>
Total capital assets being depreciated	<u>51,424,801</u>	<u>7,032,070</u>	<u>(529,474)</u>	<u>58,986,345</u>
Less accumulated depreciation				
Buildings	269,949	82,350	-	352,299
Road equipment	6,387,731	536,266	394,626	6,529,371
Shop equipment	133,682	13,621	-	147,303
Office equipment	250,716	21,993	-	272,709
Engineers equipment	215,691	14,371	-	230,062
Yard and storage	433,423	77,501	-	510,924
Infrastructure – bridges	616,829	32,698	-	649,527
Infrastructure – roads	<u>16,371,550</u>	<u>2,202,684</u>	<u>970,307</u>	<u>17,603,927</u>
Total accumulated depreciation	<u>24,679,571</u>	<u>2,981,484</u>	<u>1,364,933</u>	<u>26,296,122</u>
Net capital assets being depreciated	<u>26,745,230</u>	<u>4,050,586</u>	<u>1,894,407</u>	<u>32,690,223</u>
Grand Traverse County Road Commission Component Unit capital assets, net				
	<u>\$47,606,619</u>	<u>\$5,149,503</u>	<u>\$ -</u>	<u>\$ 52,756,122</u>

GRAND TRAVERSE COUNTY

NOTES TO FINANCIAL STATEMENTS

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Grand Traverse Department of Public Works				
Capital assets not being depreciated -				
Land	\$ 400,000	\$ -	\$ -	\$ 400,000
Construction in progress	<u>52,575,211</u>	<u>5,031,116</u>	<u>(51,370,057)</u>	<u>6,236,270</u>
Total capital assets not being depreciated	<u>\$ 52,975,211</u>	<u>\$ 5,031,116</u>	<u>\$(51,370,057)</u>	<u>\$ 6,636,270</u>

Depreciation expense was charged to functions/programs of the primary government and component unit as follows:

Governmental activities

Judicial	\$ 92,610
General government	353,478
Public safety	370,011
Health and welfare	126,928
Recreation and cultural	222,791
Capital assets held by the government's internal service funds and charged to the various functions based on their usage of the assets	<u>478,902</u>

Total depreciation expense – governmental activities **\$ 1,644,720**

Business-type activities

Medical care facility	\$ 1,251,038
Inspections	43,536
Solid Waste	<u>9,255</u>

Total depreciation expense – business-type activities **\$ 1,303,829**

Grand Traverse County Road Commission Component unit **\$ 2,981,484**

GRAND TRAVERSE COUNTY

NOTES TO FINANCIAL STATEMENTS

C. Interfund receivables, payables and transfers

The composition of interfund balances at December 31, 2005 is as follows:

Due To Other Funds	Due From Other Funds			Total
	General Fund	Nonmajor Governmental Funds	Revenue Sharing Reserve Fund	
General Fund	\$ -	\$ 10,147	\$ 4,667,319	\$ 4,677,466
Nonmajor Governmental Funds	761,578	-	-	761,578
Internal Service Funds	68,306	-	-	68,306
	<u>\$ 829,884</u>	<u>\$ 10,147</u>	<u>\$ 4,667,319</u>	<u>\$ 5,507,350</u>

Primary Government	Advance To Other Funds
	General Fund
Advance From Other Funds	
Nonmajor Governmental Funds	\$ 416,066
Internal Service Funds	<u>492,181</u>
Total	<u>\$ 908,247</u>

Interfund receivables and payables are established to: (1) cover cash deficits, (2) cash advances per operating agreements, (3) cash advance from Revenue Sharing Reserve Fund to the General Fund to transfer excess cash to earn interest revenue in the general fund and (4) to loan funds for operating costs.

Transfers Out	Transfers In					Total
	General Fund	Health Fund	Nonmajor Governmental Funds	2004 Tax Levy Fund	Nonmajor Business Type Funds	
General Fund	\$ -	\$ 1,126,666	\$ 7,164,509	\$ -	\$ -	\$ 8,291,175
Revenue Sharing Reserve Fund	1,375,035	-	-	-	-	1,375,035
Nonmajor Governmental Funds	82,709	-	10,047	-	-	92,756
2004 Tax Levy Fund	-	-	-	-	39,653	39,653
Nonmajor Business Type Funds	726,308	-	271,000	5,535,897	1,123,269	7,656,474
	<u>\$ 2,184,052</u>	<u>\$ 1,126,666</u>	<u>\$ 7,445,556</u>	<u>\$ 5,535,897</u>	<u>\$ 1,162,922</u>	<u>\$ 17,455,093</u>

GRAND TRAVERSE COUNTY

NOTES TO FINANCIAL STATEMENTS

Interfund transfers are for: (1) use as unrestricted revenues in various funds to finance various programs accounted for in other funds in accordance with budgetary authorizations, (2) to close the 2001 delinquent tax fund into the unpledged delinquent tax fund and (3) use amounts from the Revenue Sharing Reserve Fund to cover the elimination of state shared revenue in the General Fund.

D. Long-term debt

Changes in long-term debt consist of the following:

	Balance 1/1/05	Additions	Reductions	Balance 12/31/05	Due Within One Year
Governmental activities					
General obligation debt	\$ 6,340,000	\$ 8,385,000	\$ 345,000	\$ 14,380,000	\$ 650,000
Central services notes payable	10,435	138,163	41,029	107,569	24,822
Compensated absences	1,272,661	1,719,769	1,699,546	1,292,884	9,982
Total governmental activities	\$ 7,623,096	\$ 10,242,932	\$ 2,085,575	\$ 15,780,453	\$ 684,804
Business-type activities					
Grand Traverse Pavilion bonds	\$ 25,660,000	\$ -	\$ 1,375,000	\$ 24,285,000	\$ 1,475,000
Less - deferred amount on refunding	(1,037,625)	-	(85,568)	(952,057)	-
Grand Traverse lighting loan	1,167	-	1,167	-	-
Compensated absences	373,793	802,299	736,883	439,209	12,042
Total business-type activities	\$ 24,997,335	\$ 802,299	\$ 2,027,482	\$ 23,772,152	\$ 1,487,042

Compensated absences in governmental activities are generally liquidated by the general fund.

General obligation debt consists of general obligation bonds of the Building Authority. The Building Authority Bonds were issued for construction or purchase of the Public Services Building, LaFranier DPW Building, Woodmere Public Safety Building and District/Probate Courthouse. These County buildings are security for these building authority bonds. The Building Authority has also issued the construction bonds for the medical care facility, however, these medical care facility construction bonds are reported in and will be paid from the medical care facility enterprise fund.

GRAND TRAVERSE COUNTY

NOTES TO FINANCIAL STATEMENTS

Prior Year Advance Refunding/Defeased Debt

During 1999, the County issued general obligation Building Authority, Series 1999 bonds of \$18,035,000 (par value) with an interest rate from 4.00% to 4.50% to advance refund Building Authority, Series 1995 medical care facility construction bonds. The Series 1995 bonds mature in the years 2006 through 2015 in the amount of \$14,500,000 with interest rates of 5.20% to 5.75%.

During 2004, the County issued general obligation Building Authority, Series 2004A bonds of \$2,225,000 (par value) with interest rates ranging from 2.00% to 3.50% to advance refund the Building Authority, Series 1997 medical care facility construction bonds. The Series 1997 bonds mature in the years 2006 through 2015 in the amount of \$2,000,000 with interest rates of 4.200% to 4.875%.

Also during 2004, the County issued general obligation Building Authority, Series 2004B bonds of \$3,125,000 (par value) with interest rates ranging from 2.00% to 4.00% to advance refund the Building Authority, Series 1999 medical care facility cottages construction bonds. The Series 1999 bonds mature in the years 2006 through 2019 in the amount of \$2,800,000 with interest rates of 5.25% to 5.65%.

<u>Description</u>	<u>Rates</u>	<u>Final Interest Year</u>	<u>Balance Maturing at 12/31/05</u>
Building Authority Bonds			
Public Services Building	4.50-5.00%	2013	\$ 800,000
Lafranier DPW Building	4.75-5.00	2020	2,680,000
Woodmere Public Safety Building	2.00-3.75	2018	2,515,000
District/Probate Courthouse	3.50-5.00	2025	8,385,000
Series 2004A Grand Traverse Pavilions	2.125-3.50	2015	2,035,000
Series 2004B Grand Traverse Pavilions Cottages	2.125-4.00	2019	3,095,000
Series 1999 Grand Traverse Pavilions	4.00-4.50	2015	14,910,000
Series 2001 Grand Traverse Pavilions Cottages	4.45-5.30	2031	4,245,000
Central Services Note Payable	5.366	2009	<u>107,569</u>
Total Debt			<u>\$ 38,772,569</u>

GRAND TRAVERSE COUNTY

NOTES TO FINANCIAL STATEMENTS

Discretely Presented Component Units

A summary of the outstanding debt of the component units is as follows:

	<u>Balance 1/01/05</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/05</u>	<u>Due Within One Year</u>
Bonds payable – Department of Public Works (DPW)	\$69,680,000	\$5,675,000	\$ 3,180,000	\$72,175,000	\$ 3,405,000
Less – deferred amount on refunding	(100,082)	-	(8,703)	(91,379)	-
Compensated absences – DPW	45,616	3,069	-	48,685	-
Notes payable – Road Commission	70,100	-	70,100	-	-
Loans payable – Road Commission	2,450,000	-	425,000	2,025,000	415,000
Compensated absences – Road Commission	<u>266,030</u>	<u>7,645</u>	<u>-</u>	<u>273,675</u>	<u>16,599</u>
Total	<u>\$72,411,664</u>	<u>\$5,685,714</u>	<u>\$ 3,666,397</u>	<u>\$74,430,981</u>	<u>\$ 3,836,599</u>

Changes in long-term debt

The Department of Public Works has entered into various bond agreements. The proceeds were used to finance water, sewer, wastewater treatment plant and septage treatment facility projects, throughout the County. The water and sewer project bonds are direct obligations of various townships. The wastewater treatment plant bonds are a direct obligation of the City of Traverse City and an indirect obligation of the County and the septage treatment facility bonds are a direct obligation of the County. The bonds payable will mature from 2006 through 2025.

The Board of County Road Commissioners has entered into two special loan agreements with the Michigan Department of Transportation that have balances of \$525,000 and \$1,500,000 at December 31, 2005. The proceeds of each were used to finance the construction of improvements to the County's roadway system. The \$525,000 loan is to be paid back over a remaining 3-year period with a sliding scale interest rate, maturing in 2008 and the \$1,500,000 loan is to be paid back over a remaining 6-year period with a sliding scale interest rate, maturing in 2011.

GRAND TRAVERSE COUNTY

NOTES TO THE FINANCIAL STATEMENTS

The annual requirements to pay principal and interest on primary government and component unit long-term debt obligations are as follows:

Year	Governmental Activities General Obligation Bonds		Governmental Activities Notes Payable		Business-Type Activities General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 650,000	\$ 585,418	\$ 24,822	\$ 5,772	\$ 1,475,000	\$ 1,020,124
2007	680,000	561,918	26,154	4,440	1,570,000	963,938
2008	710,000	537,055	27,557	3,037	1,695,000	905,824
2009	740,000	510,763	29,036	1,558	1,815,000	842,450
2010	750,000	483,355	-	-	1,925,000	772,430
2011-15	4,020,000	1,943,894	-	-	11,075,000	2,554,533
2016-20	4,045,000	1,097,019	-	-	1,980,000	947,825
2021-25	2,785,000	346,894	-	-	1,250,000	559,750
2026-30	-	-	-	-	1,250,000	231,625
2031	-	-	-	-	250,000	6,625
Total	\$ 14,380,000	\$ 6,066,316	\$ 107,569	\$ 14,807	\$ 24,285,000	\$ 8,805,124

Component Unit General Obligation Bonds		Component Unit Loans and Notes Payable	
Principal	Interest	Principal	Interest
\$ 3,405,000	\$ 3,059,248	\$ 415,000	\$ 87,188
3,555,000	2,928,118	425,000	69,762
3,745,000	2,803,585	435,000	51,263
3,795,000	2,664,918	250,000	32,312
3,855,000	2,519,649	250,000	21,688
20,015,000	10,211,541	250,000	10,937
21,685,000	5,764,463	-	-
12,120,000	992,938	-	-
-	-	-	-
-	-	-	-
\$ 72,175,000	\$ 30,944,460	\$ 2,025,000	\$ 273,150

GRAND TRAVERSE COUNTY

NOTES TO FINANCIAL STATEMENTS

IV. OTHER INFORMATION

A. Risk management

Grand Traverse County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters.

The County participates as a member in the Michigan Municipal Risk Management Authority. The Authority is a municipal self-insurance entity operating pursuant to the State of Michigan Public Act 138 of 1982. The purpose of the Authority is to administer a risk management fund, which provides members with loss protection for general and auto liability, motor vehicle physical damage and property.

The Authority has entered into reinsurance agreements providing for loss coverage in excess of the amounts to be retained by the Authority and individual members. An individual member's maximum retention on general liability and auto liability is \$50,000. The limits on auto physical damage are \$10,000 per unit and \$30,000 per occurrence. The retention limits for property coverage are subject to a \$1,000 deductible with 10 percent of the first \$100,000 to be paid by the member. Some members have individual retention levels different than the ones previously stated.

In the event a reinsurance company does not meet its obligation to the Authority, responsibility for payment of any unreimbursed claims will be that of the Authority Reinsurance Fund.

The Authority has retained certain levels of risk rather than obtaining coverage through reinsurance agreements. The Authority established the Authority Reinsurance Fund in order to participate in the reinsurance agreements. Individual members are provided the same level of coverage previously afforded through a combination of the reinsurance agreements and the Reinsurance Fund.

In addition, the Authority purchases insurance for certain risks not covered by the reinsurance agreements.

The reinsurance agreements discussed above include provisions for minimum annual premiums. As of December 31, 2005, the Authority had met the minimum requirements.

Grand Traverse County reports the activity and the County's share of the Reinsurance Fund in an Internal Service Fund.

GRAND TRAVERSE COUNTY

NOTES TO FINANCIAL STATEMENTS

Risk management self-insurance for workers' compensation

The County has established a self-insurance program for Workers Compensation, which is accounted for in the Fringe Benefits Internal Service Fund. This program is administered by a service agency that provides claims reviews and claims processing. A specific excess workers' compensation reinsurance policy indemnifies the County up to \$3,000,000 for each loss in excess of the first \$300,000. All applicable funds are charged premiums based on payroll. There has been no reduction in insurance coverage from the prior year. Settled claims have not exceeded insurance coverage in any of the past three fiscal years.

The Workers' Compensation claims liability of \$16,234 reported in the Fringe Benefits Fund at December 31, 2005, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The claims liability is reported based on information provided by the administrator of the plan. No annuity contracts have been purchased for claims liability.

The changes in the workers' compensation claims liability are as follows for the years ended December 31:

	<u>2005</u>	<u>2004</u>
Claims liability at beginning of year	\$ 16,234	\$ 20,467
Claims and damages incurred	39,158	19,788
Claims payments	<u>(39,158)</u>	<u>(24,021)</u>
Claims liability at end of year	<u>\$ 16,234</u>	<u>\$ 16,234</u>

Risk management self-insurance for short-term disability

The County has established a self-insurance program for short-term disability, which is accounted for in the Fringe Benefits Internal Service Fund. This program is administered by the County. All applicable funds are charged premiums based on payroll.

The short-term claims liability of \$16,950 reported in the Fringe Benefits Internal Service Fund at December 31, 2005, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. The claims liability is reported based on information from an actuarial valuation. No annuity contracts have been purchased for claims liability.

GRAND TRAVERSE COUNTY

NOTES TO FINANCIAL STATEMENTS

The changes in the short-term claims liability are as follows for the years ended December 31:

	<u>2005</u>	<u>2004</u>
Claims liability at beginning of year	\$ 16,950	\$ 12,950
Claims and damages incurred	92,646	99,185
Claims payments	<u>(92,646)</u>	<u>(95,185)</u>
Claims liability at end of year	<u>\$ 16,950</u>	<u>\$ 16,950</u>

B. Joint agreements

Beginning June 1, 1978, the County entered into an agreement with the City of Traverse City for the joint ownership and operation of the Governmental Center. Under the terms of the agreement, the City owns 26.39% of the property and the County owns the remaining 73.61%. The County's share of the original building cost was approximately \$2,900,000.

Under the terms of a separate agreement, the City reimburses the County of Grand Traverse for their pro rata share of operation and maintenance costs.

C. Property taxes

The County's property taxes are levied each December 1 on the taxable valuation of property located in the County as of the preceding December 31, the lien date. The levy is being shifted to a July 1 date over a three year period. Property taxes are collected by the local government units payable without penalty and interest through February 14 of the succeeding year; as of March 1 the succeeding year, unpaid real property taxes are turned over to Grand Traverse County for collections.

Assessed values as established annually by the government, and subject to acceptance by the County, are equalized by the State at an estimated 50 percent of current market value. Real and personal property in the County for the 2004 levy were assessed and equalized at \$3,322,297,341, representing 50 percent of estimated current market value. The government's general operating, medical care, and commission on aging tax rates for year 2005 were 5.1267, .6785, and .2718 mills, respectively.

GRAND TRAVERSE COUNTY

NOTES TO FINANCIAL STATEMENTS

D. Defined benefit pension plans

Pension Plan – Primary Government

Plan Description. The County's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The County participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the MERS Retirement Board. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 447 N. Canal Road, Lansing, Michigan 48917 or by calling (800) 767-6377.

Funding Policy. The County is required to contribute at an actuarially determined rate; the current rate ranges from 0% to 60.05% of annual covered payroll depending on the valuation division. Employees are currently not required to contribute to the Plan. The contribution requirements of the County are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members, if any, are established and may be amended by the County, depending on the MERS contribution program adopted by the County.

Annual Pension Cost. For the year ended December 31, 2005, the County's annual pension cost of \$3,099,715 for MERS was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2003 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases on 4.5% per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 8.4% per year, depending on age, attributable to seniority/merit. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2004, the date of the latest actuarial valuation, was 30 years.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/03	\$ 2,197,582	100%	\$ -
12/31/04	2,473,144	100%	-
12/31/05	3,099,715	100%	-

GRAND TRAVERSE COUNTY

NOTES TO FINANCIAL STATEMENTS

Schedule of Funding Progress

Actuarial Valuation Payroll Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered ((b-a)/c)
12/31/02	\$ 37,803,420	\$ 68,579,572	\$ 30,776,152	55%	\$ 16,029,246	192%
12/31/03	40,355,536	73,682,260	33,326,724	55%	16,256,939	205%
12/31/04	42,747,512	78,893,261	36,145,749	54%	16,504,908	219%

Pension Plan – Road Commission Component Unit

Plan Description. The Road Commission's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The Commission participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the MERS Retirement Board. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 447 N. Canal Road, Lansing, Michigan 48917 or by calling (888) 478-1919.

Funding Policy. The Commission is required to contribute at an actuarially determined rate. The current rate is 12.89% of annual covered payroll for general employees and 27.68% for administrative employees. The contribution requirements of the Road Commission are established by Act No. 427 of the Public Acts of 1984, as amended, and may be amended by the Retirement Board of MERS. The contribution requirements of plan members are established and may be amended by the Road Commission.

Annual Pension Cost. For the year ended December 31, 2005, the Road Commission's annual pension cost of \$122,453 for MERS was equal to the Road Commission's required and actual contributions. The required contribution was determined as part of the December 31, 2003 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, and (c) projected salary increases depending on age and attributable to seniority/merit. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The Commission's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31 2004, the date of the latest actuarial valuation, was 30 years.

GRAND TRAVERSE COUNTY

NOTES TO FINANCIAL STATEMENTS

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/03	\$ 65,272	100%	\$ -
12/31/04	120,574	100%	-
12/31/05	122,453	100%	-

Schedule of Funding Progress

<u>Actuarial Valuation Payroll Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) -Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered ((b-a)/c)</u>
12/31/02	\$ 7,587,719	\$ 8,560,307	\$ 972,588	89%	\$ 796,093	122%
12/31/03	7,486,945	8,568,423	1,081,478	87%	778,137	139%
12/31/04	7,536,897	8,920,104	1,383,207	84%	764,059	181%

E. Defined contribution plan

Primary Government

The County sponsors the "Grand Traverse County Defined Contribution Plan" created in accordance with Internal Revenue Code Section 401(a). The plan is available to all full time employees except for the employees who are members of the Circuit Court Association. Employees who were hired previous to May 1, 2001 were able to chose to either stay within the defined benefit plan or to change to the defined contribution plan once their union contract was settled. Participants vest 0% each year for the first two years of service, and become 25%, 50%, 75% and 100% vested in years three through six, respectively. Participants may contribute 3% of their base pay. The County is required to contribute an amount equal to 6% of the participant's base pay plus match employee contributions up to 3% of the employees' base pay.

The plan is administered by ICMA Retirement Corporation. Plan provisions and contribution requirements were established and can only be amended by authorization of the County Commission. In fiscal year 2005, 311 employees participated and the County contributed \$979,433 and the employees contributed \$325,546.

GRAND TRAVERSE COUNTY

NOTES TO FINANCIAL STATEMENTS

Discretely-Presented Component Unit

The Grand Traverse County Road Commission provides pension benefits to all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. As established by agreement, the County Road Commission contributes 12% of administrative and 10% of union personnel gross earnings, respectively. Contributions for each employee (plus interest allocated to the employee's account) are fully vested.

During the fiscal year the Road Commission contributed \$183,926 and employees contributed \$42,271.

F. Post-employment benefits

Primary Government

The County provides post-retirement health benefits, per the requirements of the County's personnel policy and various union contracts. Upon retirement, the County contributes 50% of the retiree's premium, and at Medicare eligible age, the County will cover the cost of the Medicare supplement for the retiree only. At year end, 74 retirees were receiving post-employment benefits. Payments are made on a pay-as-you-go basis. Payments made for the year ended December 31, 2005 were \$175,339.

Discretely-Presented Component Unit

The County Road Commission provides post-employment health care insurance benefits to all retired employees and/or their spouse. The benefits are provided in accordance with articles of the union agreement, which includes the provision that upon retirement, the Commission contributes the full premium per month for health coverage per retiree. 13 early retirees, 19 retirees and 8 surviving spouses are receiving this benefit. Payments are made on a pay-as-you-go basis. Payments made for the year ended December 31, 2005 were \$204,764.

G. Contingencies and Commitments

There are lawsuits pending in which the County is involved. The County estimates that the potential claims against the County not covered by insurance resulting from such litigation would not materially affect the financial statements of the County.

The County participates in a number of Federal and State assisted grant programs, including mainly the Friend of Court and Prosecuting Attorney Cooperative Reimbursement programs, and Health Department Grant programs, which are subject to financial and compliance audits. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts if any, to be insignificant.

GRAND TRAVERSE COUNTY

NOTES TO FINANCIAL STATEMENTS

The County has entered into two contracts with Hallmark Construction, Inc. to construct the County District/Probate Courthouse and to remodel the County Jail. The total amount of the Courthouse contract entered into is \$7,618,890, and costs incurred to date under this contract are \$3,225,190. The total amount of the Jail remodeling contract entered into is \$1,284,531, and costs incurred to date under this contract are \$771,777.

H. Impairment of Septage Treatment Facility

During 2005, a tank collapse occurred at the Department of Public Works' septage treatment facility prior to completion of the facility which resulted in an impairment loss of \$2,122,000. The loss has been offset in full by insurance proceeds received in 2005 in the amount of \$250,000 and expected insurance proceeds of \$1,872,000 in 2006.

I. Leases

The Road Commission discretely-presented component unit has executed five noncancelable operating leases for construction equipment with Caterpillar Financial Services Corporation, payable in monthly installment amounts. The leases mature in 2008. Future lease commitments are \$109,992 in 2006, \$114,526 in 2007 and \$47,237 in 2008.

J. Related-party transactions

In July 1998, the Grand Traverse Pavilions Foundation (the "Foundation") and in 2001, the Grand Traverse Pavilions Endowment were organized for the following purposes:

- A. To accept and administer donations, contributions and gifts for the benefit of the Grand Traverse Pavilions (the "Organization"), a County Enterprise Fund.
- B. To operate for the benefit of and in support of the Organization.
- C. To provide resources for any activities that will provide a direct benefit to, and improve the health and welfare of the participants of the Organization.
- D. To operate solely as a non-profit corporation in such a manner that no part of its net earnings will incur to the benefit of any member, trustee, officer or individual.

The Foundation's Board of Directors is appointed by the Organization's Board of Directors. During 2005, the Organization paid operating expenses on behalf of the Foundation for which the Organization is reimbursed. As of December 31, 2005, the Foundation owed the Organization \$54,195.

GRAND TRAVERSE COUNTY

NOTES TO FINANCIAL STATEMENTS

Discretely-Presented Component Unit

During 2004, the County Road Commission entered into an agreement with Great Northern Benefits to provide health insurance benefits through Priority Health. A member of the County Board of Road Commissioners is a principal in this company. During 2005, total premiums paid to Priority Health amounted to \$806,828. The Board member has abstained in all votes related to the agreement between the Road Commission and Great Northern Benefits.

K. Prior Period Adjustment – Discretely-Presented Component Unit

Net assets and fund balance of the County Road Commission have been restated to appropriately reflect unearned/deferred grant revenues at December 31, 2004. This restatement resulted in a decrease in both net assets and fund balance of \$471,561.

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GRAND TRAVERSE COUNTY

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2005

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Cash and investments - cash equivalents	\$ 2,448,771	\$ 1,144	\$ 2,583,336	\$ 5,033,251
Receivables, net				
Accounts	1,357,169	-	47,840	1,405,009
Loans	2,892,923	-	-	2,892,923
Taxes	1,779,595	-	-	1,779,595
Interest	-	-	-	-
Due from state	1,007,055	-	163,689	1,170,744
Due from other governments	14,683	-	-	14,683
Due from other funds	10,147	-	-	10,147
Prepaid items and other assets	4,438	-	1,035	5,473
Total assets	\$ 9,514,781	\$ 1,144	\$ 2,795,900	\$ 12,311,825
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 341,385	\$ -	\$ 299,727	\$ 641,112
Accrued liabilities	63,149	-	-	63,149
Due to other funds	761,578	-	-	761,578
Due to state	78,325	-	-	78,325
Due to other governments	199,483	-	-	199,483
Advance from other funds	416,066	-	-	416,066
Deferred revenue	4,624,381	-	-	4,624,381
Total liabilities	6,484,367	-	299,727	6,784,094
Fund balances				
Reserved for prepaid items	3,833	-	1,035	4,868
Unreserved				
Designated for subsequent years' expenditures	420,756	-	-	420,756
Designated for marriage counseling program	110,703	-	-	110,703
Undesignated	2,495,122	1,144	2,495,138	4,991,404
Total fund balances	3,030,414	1,144	2,496,173	5,527,731
Total liabilities and fund balances	\$ 9,514,781	\$ 1,144	\$ 2,795,900	\$ 12,311,825

GRAND TRAVERSE COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2005

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ 883,220	\$ -	\$ -	\$ 883,220
Intergovernmental				
Federal sources	1,642,217	-	-	1,642,217
State sources	1,817,523	-	-	1,817,523
Local sources	1,367,697	-	44,233	1,411,930
Charges for services	652,715	-	15,336	668,051
Rental revenue	148,121	-	-	148,121
Interest revenue	89,878	1,026	-	90,904
Other revenue	471,779	-	35,758	507,537
Total revenues	7,073,150	1,026	95,327	7,169,503
Expenditures				
Current expenditures				
Judicial	5,915,207	-	-	5,915,207
General government	83,466	-	2,136,220	2,219,686
Public safety	515,268	-	-	515,268
Health and welfare	4,706,075	-	-	4,706,075
Recreation and culture	763,993	-	-	763,993
Debt service				
Principal	-	345,000	-	345,000
Interest and fiscal charges	-	259,243	-	259,243
Capital outlay	114,208	-	105,488	219,696
Total expenditures	12,098,217	604,243	2,241,708	14,944,168
Revenues (under) expenditures	(5,025,067)	(603,217)	(2,146,381)	(7,774,665)
Other financing sources (uses)				
Transfers in	5,215,747	604,297	1,625,512	7,445,556
Bond proceeds	-	-	-	-
Bond discount	-	-	-	-
Transfers out	(22,802)	-	(69,954)	(92,756)
Total other financing sources	5,192,945	604,297	1,555,558	7,352,800
Net change in fund balances	167,878	1,080	(590,823)	(421,865)
Fund balances, beginning of year	2,862,536	64	3,086,996	5,949,596
Fund balances, end of year	\$ 3,030,414	\$ 1,144	\$ 2,496,173	\$ 5,527,731

GRAND TRAVERSE COUNTY

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS

DECEMBER 31, 2005

	13th Circuit Court	Local Crime Victims Rights	86th District Court	County Special Projects
Assets				
Cash and investments - cash equivalents	\$ -	\$ 11,602	\$ -	\$ 50,174
Receivables, net				
Accounts	477,038	-	849,098	-
Loans	-	-	-	-
Taxes	-	-	-	-
Due from state	-	-	94,410	-
Due from other governments	-	-	-	-
Due from other funds	10,147	-	-	-
Prepaid items and other assets	-	-	-	-
Total assets	\$ 487,185	\$ 11,602	\$ 943,508	\$ 50,174
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 45,741	\$ -	\$ 51,532	\$ -
Accrued liabilities	4,961	-	23,323	-
Due to other funds	237,397	-	495,033	-
Due to state	-	-	-	-
Due to other governments	63,707	-	112,983	-
Advances from other funds	135,379	-	260,637	-
Deferred revenue	-	-	-	-
Total liabilities	487,185	-	943,508	-
Fund balances				
Reserved for prepaid items	-	-	-	-
Unreserved				
Designated for subsequent years' expenditures	-	5,000	-	50,000
Designated for marriage counseling program	-	-	-	-
Undesignated	-	6,602	-	174
Total fund balances	-	11,602	-	50,174
Total liabilities and fund balances	\$ 487,185	\$ 11,602	\$ 943,508	\$ 50,174

Parks and Recreation	Maple Bay Development	Friend of the Court	Gypsy Moth Suppression Program	Veteran's Trust
\$ 154,752	\$ 36,052	\$ 338,242	\$ -	\$ -
18,164	-	70	-	-
-	-	-	-	-
-	-	-	-	-
-	-	579,436	-	4,500
-	-	-	-	-
-	-	-	-	-
-	-	-	-	2,884
\$ 172,916	\$ 36,052	\$ 917,748	\$ -	\$ 7,384

\$ 17,264	\$ -	\$ 12,512	\$ -	\$ 1,595
6,276	-	16,642	-	-
-	-	11,802	-	3,510
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
23,540	-	40,956	-	5,105

-	-	-	-	2,279
67,029	36,000	38,571	-	-
-	-	110,703	-	-
82,347	52	727,518	-	-
149,376	36,052	876,792	-	2,279
\$ 172,916	\$ 36,052	\$ 917,748	\$ -	\$ 7,384

Continued...

GRAND TRAVERSE COUNTY

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS

DECEMBER 31, 2005

	Register of Deeds Automation	Homestead	Indigent Health Care	Corrections P.A. 511
Assets				
Cash and investments - cash equivalents	\$ 167,166	\$ 33,011	\$ 22,906	\$ 10,216
Receivables, net				
Accounts	-	-	-	-
Loans	-	-	-	-
Taxes	-	48,665	-	-
Due from state	-	-	-	103,173
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Prepaid items and other assets	-	-	-	-
Total assets	\$ 167,166	\$ 81,676	\$ 22,906	\$ 113,389
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 3,599	\$ 270	\$ -	\$ 36,898
Accrued liabilities	-	260	-	1,373
Due to other funds	-	-	-	-
Due to state	-	-	-	-
Due to other governments	-	22,793	-	-
Advances from other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	3,599	23,323	-	38,271
Fund balances				
Reserved for prepaid items	-	-	-	-
Unreserved				
Designated for subsequent years' expenditures	-	-	-	43,643
Designated for marriage counseling program	-	-	-	-
Undesignated	163,567	58,353	22,906	31,475
Total fund balances	163,567	58,353	22,906	75,118
Total liabilities and fund balances	\$ 167,166	\$ 81,676	\$ 22,906	\$ 113,389

<u>County Law Library</u>	<u>Criminal Justice Training Act</u>	<u>Mitchell Creek Watershed</u>	<u>Park Street Redevelopment</u>
\$ 41,980	\$ 15,510	\$ 8,155	\$ -
54	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 42,034</u>	<u>\$ 15,510</u>	<u>\$ 8,155</u>	<u>\$ -</u>

\$ 4,993	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>4,993</u>	<u>-</u>	<u>-</u>	<u>-</u>

-	-	-	-
1,693	-	8,155	-
-	-	-	-
35,348	15,510	-	-
<u>37,041</u>	<u>15,510</u>	<u>8,155</u>	<u>-</u>
<u>\$ 42,034</u>	<u>\$ 15,510</u>	<u>\$ 8,155</u>	<u>\$ -</u>

Continued...

GRAND TRAVERSE COUNTY

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS

DECEMBER 31, 2005

	CDBG	EDC	Family Independence Agency	Child Care
Assets				
Cash and investments - cash equivalents	\$ 1,920	\$ 592,147	\$ 266,768	\$ 189,632
Receivables, net				
Accounts	-	-	-	2,577
Loans	1,031,105	1,861,818	-	-
Taxes	-	-	-	-
Due from state	17,159	-	25,720	181,025
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Prepaid items and other assets	-	-	-	-
Total assets	\$ 1,050,184	\$ 2,453,965	\$ 292,488	\$ 373,234
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 5,798	\$ 533	\$ -	\$ 136,549
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to state	-	-	68,000	10,325
Due to other governments	-	-	-	-
Advances from other funds	-	-	20,050	-
Deferred revenue	1,031,105	1,861,818	-	-
Total liabilities	1,036,903	1,862,351	88,050	146,874
Fund balances				
Reserved for prepaid items	-	-	-	-
Unreserved				
Designated for subsequent years' expenditure	-	20,000	-	-
Designated for marriage counseling program	-	-	-	-
Undesignated	13,281	571,614	204,438	226,360
Total fund balances	13,281	591,614	204,438	226,360
Total liabilities and fund balances	\$ 1,050,184	\$ 2,453,965	\$ 292,488	\$ 373,234

Juvenile Accountability	Grand Traverse County Commission on Aging	Corrections Officers Training	Local Law Enforcement Block Grant	Total
\$ -	\$ 503,915	\$ -	\$ 4,623	\$ 2,448,771
-	-	10,168	-	1,357,169
-	-	-	-	2,892,923
-	1,730,930	-	-	1,779,595
1,632	-	-	-	1,007,055
14,683	-	-	-	14,683
-	-	-	-	10,147
-	-	1,554	-	4,438
\$ 16,315	\$ 2,234,845	\$ 11,722	\$ 4,623	\$ 9,514,781

\$ 9,853	\$ 9,625	\$ -	\$ 4,623	\$ 341,385
-	10,314	-	-	63,149
6,462	-	7,374	-	761,578
-	-	-	-	78,325
-	-	-	-	199,483
-	-	-	-	416,066
-	1,731,458	-	-	4,624,381
16,315	1,751,397	7,374	4,623	6,484,367
-	-	1,554	-	3,833
-	150,665	-	-	420,756
-	-	-	-	110,703
-	332,783	2,794	-	2,495,122
-	483,448	4,348	-	3,030,414
\$ 16,315	\$ 2,234,845	\$ 11,722	\$ 4,623	\$ 9,514,781

Concluded

GRAND TRAVERSE COUNTY

COMBINING STATEMENT OF REVENUES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2005

	13th Circuit Court	Local Crime Victims Rights	86th District Court	County Special Projects
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal sources	-	-	38,317	-
State sources	-	-	63,542	-
Local sources	368,380	9,937	741,181	-
Charges for services	-	-	7,210	-
Rental revenue	-	-	-	-
Interest revenue	-	-	-	-
Other revenue	-	-	9,551	70,000
Total revenues	368,380	9,937	859,801	70,000
Expenditures				
Judicial	1,473,345	13,800	2,851,793	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	164,000
Capital outlay	4,538	-	55	-
Total expenditures	1,477,883	13,800	2,851,848	164,000
Revenues over (under) expenditures	(1,109,503)	(3,863)	(1,992,047)	(94,000)
Other financing sources (uses)				
Transfers in	1,109,503	-	1,978,130	71,000
Transfers out	-	-	-	-
Total other financing sources (uses)	1,109,503	-	1,978,130	71,000
Net change in fund balances	-	(3,863)	(13,917)	(23,000)
Fund balances (deficit), beginning of year	-	15,465	13,917	73,174
Fund balances, end of year	\$ -	\$ 11,602	\$ -	\$ 50,174

Parks and Recreation	Maple Bay Development	Friend of the Court	Gypsy Moth Suppression Program	Veteran's Trust
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	1,128,639	-	-
-	-	3,288	11,386	21,011
-	-	137,017	4,007	-
275,343	-	131,546	-	-
148,121	-	-	-	-
-	-	-	-	-
29	-	85	-	-
423,493	-	1,400,575	15,393	21,011
-	-	1,573,276	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	27,708	20,273
599,993	-	-	-	-
10,250	-	618	-	-
610,243	-	1,573,894	27,708	20,273
(186,750)	-	(173,319)	(12,315)	738
143,210	-	292,865	12,315	552
-	-	(17,802)	-	-
143,210	-	275,063	12,315	552
(43,540)	-	101,744	-	1,290
192,916	36,052	775,048	-	989
\$ 149,376	\$ 36,052	\$ 876,792	\$ -	\$ 2,279

Continued...

GRAND TRAVERSE COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2005

	Register of Deeds Automation	Homestead	Indigent Health Care	Corrections P.A. 511
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal sources	-	-	-	-
State sources	-	-	-	379,780
Local sources	-	-	102,798	-
Charges for services	1,751	40,710	-	77,423
Rental revenue	-	-	-	-
Interest revenue	-	-	-	-
Other revenue	-	-	-	-
Total revenues	1,751	40,710	102,798	457,203
Expenditures				
Judicial	-	-	-	-
General government	72,463	11,003	-	-
Public safety	-	-	-	446,796
Health and welfare	-	-	79,892	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	72,463	11,003	79,892	446,796
Revenues over (under) expenditures	(70,712)	29,707	22,906	10,407
Other financing sources (uses)				
Transfers in	150,335	-	-	30,000
Transfers out	-	-	-	-
Total other financing sources (uses)	150,335	-	-	30,000
Net change in fund balances	79,623	29,707	22,906	40,407
Fund balances (deficit), beginning of year	83,944	28,646	-	34,711
Fund balances, end of year	\$ 163,567	\$ 58,353	\$ 22,906	\$ 75,118

<u>County Law Library</u>	<u>Criminal Justice Training Act</u>	<u>Mitchell Creek Watershed</u>	<u>Park Street Redevelopment</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	14,385	-	-
-	-	-	-
15	-	-	-
-	-	-	-
-	-	-	-
7,042	440	-	-
7,057	14,825	-	-
2,993	-	-	-
-	-	-	-
-	10,751	-	-
-	-	-	17,330
-	-	-	-
56,763	-	-	-
59,756	10,751	-	17,330
(52,699)	4,074	-	(17,330)
60,080	-	-	-
-	-	-	-
60,080	-	-	-
7,381	4,074	-	(17,330)
29,660	11,436	8,155	17,330
\$ 37,041	\$ 15,510	\$ 8,155	\$ -

Continued...

GRAND TRAVERSE COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2005

	CDBG	EDC	Family Independence Agency	Child Care
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
Federal sources	371,711	-	-	-
State sources	-	-	580,165	731,689
Local sources	-	-	-	-
Charges for services	-	-	-	233
Rental revenue	-	-	-	-
Interest revenue	-	89,878	-	-
Other revenue	67,920	155,002	-	127,928
Total revenues	439,631	244,880	580,165	859,850
Expenditures				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	457,313	541,291	606,724	1,883,696
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	457,313	541,291	606,724	1,883,696
Revenues over (under) expenditures	(17,682)	(296,411)	(26,559)	(1,023,846)
Other financing sources (uses)				
Transfers in	-	-	55,609	1,308,000
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	55,609	1,308,000
Net change in fund balances	(17,682)	(296,411)	29,050	284,154
Fund balances (deficit), beginning of year	30,963	888,025	175,388	(57,794)
Fund balances, end of year	\$ 13,281	\$ 591,614	\$ 204,438	\$ 226,360

Juvenile Accountability	Grand Traverse County Commission on Aging	Corrections Officers Training	Local Law Enforcement Block Grant	Total
\$ -	\$ 883,220	\$ -	\$ -	\$ 883,220
92,497	-	-	11,053	1,642,217
10,277	2,000	-	-	1,817,523
-	4,377	-	-	1,367,697
-	71,788	46,696	-	652,715
-	-	-	-	148,121
-	-	-	-	89,878
5,037	24,461	4,284	-	471,779
107,811	985,846	50,980	11,053	7,073,150
-	-	-	-	5,915,207
-	-	-	-	83,466
-	-	57,721	-	515,268
107,811	964,037	-	-	4,706,075
-	-	-	-	763,993
-	29,283	-	12,701	114,208
107,811	993,320	57,721	12,701	12,098,217
-	(7,474)	(6,741)	(1,648)	(5,025,067)
-	2,500	-	1,648	5,215,747
-	(5,000)	-	-	(22,802)
-	(2,500)	-	1,648	5,192,945
-	(9,974)	(6,741)	-	167,878
-	493,422	11,089	-	2,862,536
\$ -	\$ 483,448	\$ 4,348	\$ -	\$ 3,030,414

Concluded

GRAND TRAVERSE COUNTY

**13th CIRCUIT COURT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Amended Budget to Actual Over (Under)</u>
REVENUES				
Local sources	\$ 373,768	\$ 373,768	\$ 368,380	\$ (5,388)
EXPENDITURES				
Judicial	1,543,904	1,543,904	1,473,345	70,559
Capital outlay	5,800	5,800	4,538	1,262
TOTAL EXPENDITURES	1,549,704	1,549,704	1,477,883	71,821
REVENUES OVER (UNDER) EXPENDITURES	(1,175,936)	(1,175,936)	(1,109,503)	66,433
OTHER FINANCING SOURCES (USES)				
Transfers in	1,175,936	1,175,936	1,109,503	(66,433)
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

GRAND TRAVERSE COUNTY

**LOCAL CRIME VICTIMS RIGHTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Amended Budget to Actual Over (Under)</u>
REVENUES				
Local sources	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 9,937</u>	<u>\$ 4,937</u>
EXPENDITURES				
Judicial				
Contractual services	<u> 19,000</u>	<u> 19,000</u>	<u> 13,800</u>	<u> 5,200</u>
NET CHANGE IN FUND BALANCE	<u> (14,000)</u>	<u> (14,000)</u>	<u> (3,863)</u>	<u> 10,137</u>
FUND BALANCE, BEGINNING OF YEAR	<u> 15,465</u>	<u> 15,465</u>	<u> 15,465</u>	<u> -</u>
FUND BALANCE, END OF YEAR	<u><u> \$ 1,465</u></u>	<u><u> \$ 1,465</u></u>	<u><u> \$ 11,602</u></u>	<u><u> \$ 10,137</u></u>

GRAND TRAVERSE COUNTY

86th DISTRICT COURT FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2005

	Original Budget	Amended Budget	Actual	Amended Budget to Actual Over (Under)
REVENUES				
Federal grants	\$ 62,500	\$ 62,500	\$ 38,317	\$ (24,183)
State grants	53,535	53,535	63,542	10,007
Local sources	838,758	828,048	741,181	(86,867)
Charges for services	-	-	7,210	7,210
Other revenue	-	-	9,551	9,551
TOTAL REVENUES	954,793	944,083	859,801	(84,282)
EXPENDITURES				
Judicial	3,002,373	2,993,113	2,851,793	141,320
Capital outlay	3,150	1,700	55	1,645
TOTAL EXPENDITURES	3,005,523	2,994,813	2,851,848	142,965
REVENUES OVER (UNDER) EXPENDITURES	(2,050,730)	(2,050,730)	(1,992,047)	58,683
OTHER FINANCING SOURCES				
Transfers in	2,050,730	2,050,730	1,978,130	(72,600)
NET CHANGE IN FUND BALANCE	-	-	(13,917)	(13,917)
FUND BALANCE, BEGINNING OF YEAR	13,917	13,917	13,917	-
FUND BALANCE, END OF YEAR	\$ 13,917	\$ 13,917	\$ -	\$ (13,917)

GRAND TRAVERSE COUNTY
COUNTY SPECIAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Amended Budget to Actual Over (Under)</u>
REVENUES				
Other	\$ -	\$ 70,000	\$ 70,000	\$ -
EXPENDITURES				
Recreation and cultural				
Contractual services	-	164,000	164,000	-
REVENUES OVER (UNDER) EXPENDITURES	-	(94,000)	(94,000)	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	71,000	71,000	-
Transfers out	(50,000)	(50,000)	-	50,000
TOTAL OTHER FINANCING SOURCES (USES)	(50,000)	21,000	71,000	50,000
NET CHANGE IN FUND BALANCE	(50,000)	(73,000)	(23,000)	50,000
FUND BALANCE, BEGINNING OF YEAR	73,174	73,174	73,174	-
FUND BALANCE, END OF YEAR	<u>\$ 23,174</u>	<u>\$ 174</u>	<u>\$ 50,174</u>	<u>\$ 50,000</u>

GRAND TRAVERSE COUNTY

**PARKS AND RECREATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2005

	Original Budget	Amended Budget	Actual	Amended Budget to Actual Over (Under)
REVENUES				
Charges for services	\$ 268,000	\$ 268,000	\$ 275,343	\$ 7,343
Rental revenue	142,500	142,500	148,121	5,621
Other	150	150	29	(121)
TOTAL REVENUES	410,650	410,650	423,493	12,843
EXPENDITURES				
Recreation and cultural	670,084	637,353	599,993	37,360
Capital outlay	1,600	1,600	10,250	(8,650)
TOTAL EXPENDITURES	671,684	638,953	610,243	28,710
REVENUES OVER (UNDER) EXPENDITURES	(261,034)	(228,303)	(186,750)	41,553
OTHER FINANCING SOURCES				
Transfers in	195,941	143,210	143,210	-
NET CHANGE IN FUND BALANCE	(65,093)	(85,093)	(43,540)	41,553
FUND BALANCE, BEGINNING OF YEAR	192,916	192,916	192,916	-
FUND BALANCE, END OF YEAR	<u>\$ 127,823</u>	<u>\$ 107,823</u>	<u>\$ 149,376</u>	<u>\$ 41,553</u>

GRAND TRAVERSE COUNTY

**MAPLE BAY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Amended Budget to Actual Over (Under)</u>
REVENUES				
Federal Grants	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Other	<u>37,384</u>	<u>37,384</u>	<u>-</u>	<u>37,384</u>
NET CHANGE IN FUND BALANCE	(37,384)	(37,384)	-	(37,384)
FUND BALANCE, BEGINNING OF YEAR	<u>36,052</u>	<u>36,052</u>	<u>36,052</u>	<u>-</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ (1,332)</u>	<u>\$ (1,332)</u>	<u>\$ 36,052</u>	<u>\$ (37,384)</u>

GRAND TRAVERSE COUNTY

**FRIEND OF THE COURT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2005

	Original Budget	Amended Budget	Actual	Amended Budget to Actual Over (Under)
REVENUES				
Federal grants	\$ 1,052,921	\$ 1,052,921	\$ 1,128,639	\$ 75,718
State grants	52,000	52,000	3,288	(48,712)
Local sources	137,142	137,142	137,017	(125)
Charges for services	111,000	111,000	131,546	20,546
Other	-	-	85	85
TOTAL REVENUES	1,353,063	1,353,063	1,400,575	47,512
EXPENDITURES				
Judicial	1,628,649	1,650,861	1,573,276	77,585
Capital outlay	15,279	8,067	618	7,449
TOTAL EXPENDITURES	1,643,928	1,658,928	1,573,894	85,034
REVENUES OVER (UNDER) EXPENDITURES	(290,865)	(305,865)	(173,319)	132,546
OTHER FINANCING SOURCES (USES)				
Transfers in	277,865	294,865	292,865	(2,000)
Transfers out	(6,000)	(8,000)	(17,802)	(9,802)
TOTAL OTHER FINANCING SOURCES (USES)	271,865	286,865	275,063	(11,802)
NET CHANGE IN FUND BALANCE	(19,000)	(19,000)	101,744	120,744
FUND BALANCE, BEGINNING OF YEAR	775,048	775,048	775,048	-
FUND BALANCE, END OF YEAR	\$ 756,048	\$ 756,048	\$ 876,792	\$ 120,744

GRAND TRAVERSE COUNTY

**GYPSY MOTH SUPPRESSION PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2005

	Original Budget	Amended Budget	Actual	Amended Budget to Actual Over (Under)
REVENUES				
State grants	\$ 33,935	\$ 33,935	\$ 11,386	\$ (22,549)
Local sources	69,147	69,147	4,007	(65,140)
 TOTAL REVENUES	 103,082	 103,082	 15,393	 (87,689)
EXPENDITURES				
Health and welfare				
Contractual services	115,397	115,397	27,708	87,689
REVENUES OVER (UNDER) EXPENDITURES	(12,315)	(12,315)	(12,315)	-
OTHER FINANCING SOURCES				
Transfers in	12,315	12,315	12,315	-
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

GRAND TRAVERSE COUNTY

**VETERAN'S TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Amended Budget to Actual Over (Under)</u>
REVENUES				
State grants	\$ 35,000	\$ 35,000	\$ 21,011	\$ (13,989)
EXPENDITURES				
Health and welfare	<u>35,606</u>	<u>35,606</u>	<u>20,273</u>	<u>15,333</u>
REVENUES OVER (UNDER) EXPENDITURES	(606)	(606)	738	1,344
OTHER FINANCING SOURCES				
Transfers in	<u>606</u>	<u>606</u>	<u>552</u>	<u>(54)</u>
NET CHANGE IN FUND BALANCE	-	-	1,290	1,290
FUND BALANCE, BEGINNING OF YEAR	<u>989</u>	<u>989</u>	<u>989</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 989</u>	<u>\$ 989</u>	<u>\$ 2,279</u>	<u>\$ 1,290</u>

GRAND TRAVERSE COUNTY

**REGISTER OF DEEDS AUTOMATION
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Amended Budget to Actual Over (Under)</u>
REVENUES				
Charges for services	\$ -	\$ -	\$ 1,751	\$ 1,751
EXPENDITURES				
General government	<u>168,000</u>	<u>168,000</u>	<u>72,463</u>	<u>95,537</u>
REVENUES OVER (UNDER) EXPENDITURES	(168,000)	(168,000)	(70,712)	97,288
OTHER FINANCING SOURCES				
Transfers in	<u>168,000</u>	<u>168,000</u>	<u>150,335</u>	<u>(17,665)</u>
NET CHANGE IN FUND BALANCE	-	-	79,623	79,623
FUND BALANCE, BEGINNING OF YEAR	<u>83,944</u>	<u>83,944</u>	<u>83,944</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 83,944</u>	<u>\$ 83,944</u>	<u>\$ 163,567</u>	<u>\$ 79,623</u>

GRAND TRAVERSE COUNTY

**HOMESTEAD FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Amended Budget to Actual Over (Under)</u>
REVENUES				
Charges for services	\$ 15,000	\$ 19,500	\$ 40,710	\$ 21,210
EXPENDITURES				
General government	<u>15,000</u>	<u>19,500</u>	<u>11,003</u>	<u>8,497</u>
NET CHANGE IN FUND BALANCE	-	-	29,707	29,707
FUND BALANCE, BEGINNING OF YEAR	<u>28,646</u>	<u>28,646</u>	<u>28,646</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 28,646</u>	<u>\$ 28,646</u>	<u>\$ 58,353</u>	<u>\$ 29,707</u>

GRAND TRAVERSE COUNTY

**INDIGENT HEALTH CARE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Amended Budget to Actual Over (Under)</u>
REVENUES				
Local sources	\$ -	\$ 100,000	\$ 102,798	\$ 2,798
EXPENDITURES				
Health and welfare	<u>-</u>	<u>100,000</u>	<u>79,892</u>	<u>20,108</u>
NET CHANGE IN FUND BALANCE	-	-	22,906	22,906
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,906</u>	<u>\$ 22,906</u>

GRAND TRAVERSE COUNTY
CORRECTIONS P.A. 511 FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	Original Budget	Amended Budget	Actual	Amended Budget to Actual Over (Under)
REVENUES				
State grants	\$ 321,835	\$ 384,065	\$ 379,780	\$ (4,285)
Charges for services	98,000	98,000	77,423	(20,577)
TOTAL REVENUES	419,835	482,065	457,203	(24,862)
EXPENDITURES				
Public safety	449,835	512,065	446,796	65,269
REVENUES OVER (UNDER) EXPENDITURES	(30,000)	(30,000)	10,407	40,407
OTHER FINANCING SOURCES (USES)				
Transfers in	110,000	110,000	30,000	(80,000)
Transfers out	(80,000)	(80,000)	-	80,000
TOTAL OTHER FINANCING SOURCES (USES)	30,000	30,000	30,000	-
NET CHANGE IN FUND BALANCE	-	-	40,407	40,407
FUND BALANCE, BEGINNING OF YEAR	34,711	34,711	34,711	-
FUND BALANCE, END OF YEAR	<u>\$ 34,711</u>	<u>\$ 34,711</u>	<u>\$ 75,118</u>	<u>\$ 40,407</u>

GRAND TRAVERSE COUNTY
COUNTY LAW LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	Original Budget	Amended Budget	Actual	Amended Budget to Actual Over (Under)
REVENUES				
Charges for services	\$ -	\$ -	\$ 15	\$ 15
Other	10,000	10,000	7,042	(2,958)
TOTAL REVENUES	10,000	10,000	7,057	(2,943)
EXPENDITURES				
Judicial	6,180	6,180	2,993	3,187
Capital outlay	63,900	63,900	56,763	7,137
TOTAL EXPENDITURES	70,080	70,080	59,756	10,324
REVENUES OVER (UNDER) EXPENDITURES	(60,080)	(60,080)	(52,699)	7,381
OTHER FINANCING SOURCES				
Transfers in	60,080	60,080	60,080	-
NET CHANGE IN FUND BALANCE	-	-	7,381	7,381
FUND BALANCE, BEGINNING OF YEAR	29,660	29,660	29,660	-
FUND BALANCE, END OF YEAR	\$ 29,660	\$ 29,660	\$ 37,041	\$ 7,381

GRAND TRAVERSE COUNTY

**CRIMINAL JUSTICE TRAINING ACT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Amended Budget to Actual Over (Under)</u>
REVENUES				
State sources	\$ 14,000	\$ 14,000	\$ 14,385	\$ 385
Other	<u>-</u>	<u>-</u>	<u>440</u>	<u>440</u>
TOTAL REVENUES	14,000	14,000	14,825	825
EXPENDITURES				
Public safety	<u>24,000</u>	<u>24,000</u>	<u>10,751</u>	<u>13,249</u>
NET CHANGE IN FUND BALANCE	(10,000)	(10,000)	4,074	14,074
FUND BALANCE, BEGINNING OF YEAR	<u>11,436</u>	<u>11,436</u>	<u>11,436</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,436</u>	<u>\$ 1,436</u>	<u>\$ 15,510</u>	<u>\$ 14,074</u>

GRAND TRAVERSE COUNTY

**MITCHELL CREEK WATERSHED FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Amended Budget to Actual Over (Under)</u>
REVENUES				
Other	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Other	<u>8,155</u>	<u>8,155</u>	<u>-</u>	<u>8,155</u>
NET CHANGE IN FUND BALANCE	(8,155)	(8,155)	-	8,155
FUND BALANCE, BEGINNING OF YEAR	<u>8,155</u>	<u>8,155</u>	<u>8,155</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,155</u>	<u>\$ 8,155</u>

GRAND TRAVERSE COUNTY

**PARK STREET REDEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Amended Budget to Actual Over (Under)</u>
REVENUES				
State grants	\$ -	\$ 17,330	\$ -	\$ (17,330)
EXPENDITURES				
Health and welfare	<u>-</u>	<u>17,330</u>	<u>17,330</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	(17,330)	(17,330)
FUND BALANCE, BEGINNING OF YEAR	<u>17,330</u>	<u>17,330</u>	<u>17,330</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 17,330</u>	<u>\$ 17,330</u>	<u>\$ -</u>	<u>\$ (17,330)</u>

GRAND TRAVERSE COUNTY

CDBG FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Amended Budget to Actual Over (Under)</u>
REVENUES				
Federal grants	\$ 300,000	\$ 450,000	\$ 371,711	\$ (78,289)
Other	<u>60,000</u>	<u>64,500</u>	<u>67,920</u>	<u>3,420</u>
TOTAL REVENUES	360,000	514,500	439,631	(74,869)
EXPENDITURES				
Health and welfare	<u>360,000</u>	<u>544,500</u>	<u>457,313</u>	<u>87,187</u>
NET CHANGE IN FUND BALANCE	-	(30,000)	(17,682)	12,318
FUND BALANCE, BEGINNING OF YEAR	<u>30,963</u>	<u>30,963</u>	<u>30,963</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 30,963</u>	<u>\$ 963</u>	<u>\$ 13,281</u>	<u>\$ 12,318</u>

GRAND TRAVERSE COUNTY

EDC FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2005

	Original Budget	Amended Budget	Actual	Amended Budget to Actual Over (Under)
REVENUES				
Interest	\$ 84,000	\$ 84,000	\$ 89,878	\$ 5,878
Other	94,000	94,000	155,002	61,002
TOTAL REVENUES	178,000	178,000	244,880	66,880
EXPENDITURES				
Health and welfare	578,000	578,000	541,291	36,709
NET CHANGE IN FUND BALANCE	(400,000)	(400,000)	(296,411)	103,589
FUND BALANCE, BEGINNING OF YEAR	888,025	888,025	888,025	-
FUND BALANCE, END OF YEAR	<u>\$ 488,025</u>	<u>\$ 488,025</u>	<u>\$ 591,614</u>	<u>\$ 103,589</u>

GRAND TRAVERSE COUNTY

**FAMILY INDEPENDENCE AGENCY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2005

	Original Budget	Amended Budget	Actual	Amended Budget to Actual Over (Under)
REVENUES				
State grants	\$ 454,942	\$ 556,942	\$ 580,165	\$ 23,223
EXPENDITURES				
Health and welfare	510,000	612,551	606,724	5,827
REVENUES OVER (UNDER) EXPENDITURES	(55,058)	(55,609)	(26,559)	29,050
OTHER FINANCING SOURCES				
Transfers in	55,058	55,058	55,609	551
NET CHANGE IN FUND BALANCE	-	(551)	29,050	29,601
FUND BALANCE, BEGINNING OF YEAR	175,388	175,388	175,388	-
FUND BALANCE, END OF YEAR	<u>\$ 175,388</u>	<u>\$ 174,837</u>	<u>\$ 204,438</u>	<u>\$ 29,601</u>

GRAND TRAVERSE COUNTY

**CHILD CARE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2005

	Original Budget	Amended Budget	Actual	Amended Budget to Actual Over (Under)
REVENUES				
State grants	\$ 599,000	\$ 599,000	\$ 731,689	\$ 132,689
Charges for services	2,000	2,000	233	(1,767)
Other	100,000	117,000	127,928	10,928
TOTAL REVENUE	701,000	718,000	859,850	141,850
EXPENDITURES				
Health and welfare	1,751,000	2,026,000	1,883,696	142,304
REVENUES OVER (UNDER) EXPENDITURES	(1,050,000)	(1,308,000)	(1,023,846)	284,154
OTHER FINANCING SOURCES				
Transfers in	1,050,000	1,308,000	1,308,000	-
NET CHANGE IN FUND BALANCE	-	-	284,154	284,154
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	(57,794)	(57,794)	(57,794)	-
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ (57,794)</u>	<u>\$ (57,794)</u>	<u>\$ 226,360</u>	<u>\$ 284,154</u>

GRAND TRAVERSE COUNTY

**JUVENILE ACCOUNTABILITY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2005

	Original Budget	Amended Budget	Actual	Amended Budget to Actual Over (Under)
REVENUES				
Federal grants	\$ 10,102	\$ 94,285	\$ 92,497	\$ (1,788)
State grants	1,123	10,477	10,277	(200)
Other	-	5,036	5,037	1
TOTAL REVENUES	11,225	109,798	107,811	(1,987)
EXPENDITURES				
Health and welfare	11,225	109,798	107,811	1,987
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-
FUND BALANCE (DEFICIT), END OF YEAR	\$ -	\$ -	\$ -	\$ -

GRAND TRAVERSE COUNTY

**GRAND TRAVERSE COUNTY COMMISSION ON AGING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2005

	Original Budget	Amended Budget	Actual	Amended Budget to Actual Over (Under)
REVENUES				
Taxes	\$ 869,770	\$ 869,770	\$ 883,220	\$ 13,450
State grants	2,000	2,000	2,000	-
Local sources	1,550	3,425	4,377	952
Charges for services	72,880	78,380	71,788	(6,592)
Other	6,400	8,750	24,461	15,711
TOTAL REVENUES	952,600	962,325	985,846	23,521
EXPENDITURES				
Health and welfare	1,075,265	1,099,696	964,037	135,659
Capital outlay	28,000	33,000	29,283	3,717
TOTAL EXPENDITURES	1,103,265	1,132,696	993,320	139,376
REVENUES OVER (UNDER) EXPENDITURES	(150,665)	(170,371)	(7,474)	162,897
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	2,500	2,500
Transfers out	-	-	(5,000)	(5,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(2,500)	(2,500)
NET CHANGE IN FUND BALANCE	(150,665)	(170,371)	(9,974)	160,397
FUND BALANCE, BEGINNING OF YEAR	493,422	493,422	493,422	-
FUND BALANCE, END OF YEAR	\$ 342,757	\$ 323,051	\$ 483,448	\$ 160,397

GRAND TRAVERSE COUNTY

**CORRECTIONS OFFICERS TRAINING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Amended Budget to Actual Over (Under)</u>
REVENUES				
Charges for services	\$ 40,000	\$ 43,000	\$ 46,696	\$ 3,696
Other	-	4,200	4,284	84
TOTAL REVENUES	40,000	47,200	50,980	3,780
EXPENDITURES				
Public Safety	40,000	58,289	57,721	568
NET CHANGE IN FUND BALANCE	-	(11,089)	(6,741)	4,348
FUND BALANCE, BEGINNING OF YEAR	11,089	11,089	11,089	-
FUND BALANCE, END OF YEAR	<u>\$ 11,089</u>	<u>\$ -</u>	<u>\$ 4,348</u>	<u>\$ 4,348</u>

GRAND TRAVERSE COUNTY

**LOCAL LAW ENFORCEMENT BLOCK GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Amended Budget to Actual Over (Under)</u>
REVENUES				
Federal grants	\$ -	\$ 11,053	\$ 11,053	\$ -
EXPENDITURES				
Capital outlay	-	11,053	12,701	(1,648)
REVENUES OVER (UNDER) EXPENDITURES	-	-	(1,648)	(1,648)
OTHER FINANCING SOURCES				
Transfers in	-	-	1,648	1,648
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

GRAND TRAVERSE COUNTY

COMBINING BALANCE SHEET NONMAJOR DEBT SERVICE FUNDS

DECEMBER 31, 2005

	BUILDING AUTHORITY			Total
	Public Services	Lafranier DPW	Woodmere	
Assets				
Cash and investments - cash equivalents (equal to unreserved, undesignated fund balances)	\$ -	\$ 66	\$ 1,078	\$ 1,144

GRAND TRAVERSE COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR DEBT SERVICE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2005

	BUILDING AUTHORITY			
	Public Services	Lafranier DPW	Woodmere	Total
Revenues				
Interest revenue	\$ -	\$ 2	\$ 1,024	\$ 1,026
Expenditures				
Debt service				
Principal	75,000	120,000	150,000	345,000
Interest and fiscal charges	41,775	137,618	79,850	259,243
Total expenditures	116,775	257,618	229,850	604,243
Revenues (under) expenditures	(116,775)	(257,616)	(228,826)	(603,217)
Other financing sources				
Transfers in	116,775	257,618	229,904	604,297
Net change in fund balances	-	2	1,078	1,080
Fund balances, beginning of year	-	64	-	64
Fund balances, end of year	\$ -	\$ 66	\$ 1,078	\$ 1,144

GRAND TRAVERSE COUNTY

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS

DECEMBER 31, 2005

	County Building Improvement Fund	County Facilities Fund	Building Authority Woodmere	Total
Assets				
Cash and investments - cash equivalents	\$ 1,709,115	\$ 874,221	\$ -	\$ 2,583,336
Receivables, net				
Accounts	-	47,840	-	47,840
Interest	-	-	-	-
Due from State	163,689	-	-	163,689
Prepaid items and other assets	-	1,035	-	1,035
Total assets	\$ 1,872,804	\$ 923,096	\$ -	\$ 2,795,900
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 193,461	\$ 106,266	\$ -	\$ 299,727
Fund balances				
Reserved for prepaid items	-	1,035	-	1,035
Unreserved and undesignated	1,679,343	815,795	-	2,495,138
Total fund balances	1,679,343	816,830	-	2,496,173
Total liabilities and fund balances	\$ 1,872,804	\$ 923,096	\$ -	\$ 2,795,900

GRAND TRAVERSE COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR CAPITAL PROJECTS FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2005

	County Building Improvement Fund	County Facilities Fund	Building Authority Woodmere	Total
Revenues				
Local sources	\$ -	\$ 44,233	\$ -	\$ 44,233
Charges for services	-	15,336	-	15,336
Interest revenue	-	-	-	-
Other	-	35,758	-	35,758
Total revenues	-	95,327	-	95,327
Expenditures				
General government	1,110,120	1,026,100	-	2,136,220
Capital outlay	-	105,488	-	105,488
Total expenditures	1,110,120	1,131,588	-	2,241,708
Revenues (under) expenditures	(1,110,120)	(1,036,261)	-	(2,146,381)
Other financing sources (uses)				
Transfers in	675,512	950,000	-	1,625,512
Transfers out	-	-	(69,954)	(69,954)
Total other financing sources	675,512	950,000	(69,954)	1,555,558
Net change in fund balances	(434,608)	(86,261)	(69,954)	(590,823)
Fund balances, beginning of year	2,113,951	903,091	69,954	3,086,996
Fund balances, end of year	\$ 1,679,343	\$ 816,830	\$ -	\$ 2,496,173

GRAND TRAVERSE COUNTY

COMBINING STATEMENT OF NET ASSETS NONMAJOR ENTERPRISE FUNDS

DECEMBER 31, 2005

	Tax Collections				
	Unpledged	Foreclosure	2001 Levy	2002 Levy	2003 Levy
Assets					
Current assets					
Cash and investments - cash equivalents	\$ 896,231	\$ 35,881	\$ -	\$ 338,509	\$ 2,083,721
Receivables, net					
Accounts	-	-	-	-	-
Taxes	18,071	-	-	23,466	129,107
Interest	11,596	120	-	9,305	56,164
Due from State	481	-	-	1,597	1,584
Total current assets	926,379	36,001	-	372,877	2,270,576
Capital assets					
Other capital assets, net of depreciation	-	-	-	-	-
Total assets	926,379	36,001	-	372,877	2,270,576
Liabilities					
Current liabilities					
Accounts payable	-	9,124	-	-	-
Accrued liabilities	-	-	-	-	-
Total current liabilities	-	9,124	-	-	-
Long-term liabilities					
Compensated absences	-	-	-	-	-
Total liabilities	-	9,124	-	-	-
Net assets					
Investment in capital assets	-	-	-	-	-
Unrestricted	926,379	26,877	-	372,877	2,270,576
Total net assets	\$ 926,379	\$ 26,877	\$ -	\$ 372,877	\$ 2,270,576

<u>2005 Levy</u>	<u>Inspections Fund</u>	<u>Solid Waste</u>	<u>Building Authority</u>	<u>Total</u>
\$ 15,002	\$ 1,909,526	\$ 120,636	\$ 578	\$ 5,400,084
-	160	87,906	-	88,066
25,597	-	-	-	196,241
1,070	-	-	-	78,255
-	-	-	-	3,662
41,669	1,909,686	208,542	578	5,766,308
-	129,504	6,604	-	136,108
41,669	2,039,190	215,146	578	5,902,416
-	17,420	126,408	-	152,952
-	20,205	-	-	20,205
-	37,625	126,408	-	173,157
-	53,451	-	-	53,451
-	91,076	126,408	-	226,608
-	129,504	6,604	-	136,108
41,669	1,818,610	82,134	578	5,539,700
\$ 41,669	\$ 1,948,114	\$ 88,738	\$ 578	\$ 5,675,808

GRAND TRAVERSE COUNTY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2005

	Tax Collections				
	Unpledged	Foreclosure	2001 Levy	2002 Levy	2003 Levy
Operating revenues					
Charges for services	\$ 906	\$ 60,591	\$ -	\$ 11,194	\$ 54,229
Licenses and permits	-	-	-	-	-
State sources	-	-	-	-	-
Interest revenue	7,263	-	-	15,400	130,676
Other	170	6,019	(1)	3,700	13,335
Total operating revenues	8,339	66,610	(1)	30,294	198,240
Operating expenses					
Personnel services	-	-	-	-	-
Supplies	-	1,277	-	-	-
Contractual services	-	28,626	-	-	-
Other	-	10,419	-	1,380	-
Depreciation	-	-	-	-	-
Total operating expenses	-	40,322	-	1,380	-
Operating income (loss)	8,339	26,288	(1)	28,914	198,240
Nonoperating revenue (expense)					
Sale of capital assets	-	-	-	-	-
Interest revenue	36,235	589	-	19,201	65,689
Total nonoperating revenue (expense)	36,235	589	-	19,201	65,689
Income (loss) before transfers	44,574	26,877	(1)	48,115	263,929
Transfers					
Transfers in	1,123,269	-	-	-	-
Transfers out	(997,308)	-	(1,123,269)	(1,535,897)	(4,000,000)
Total transfers	125,961	-	(1,123,269)	(1,535,897)	(4,000,000)
Change in net assets	170,535	26,877	(1,123,270)	(1,487,782)	(3,736,071)
Net assets, beginning of year	755,844	-	1,123,270	1,860,659	6,006,647
Net assets, end of year	\$ 926,379	\$ 26,877	\$ -	\$ 372,877	\$ 2,270,576

<u>2005 Levy</u>	<u>Inspections Fund</u>	<u>Solid Waste</u>	<u>Building Authority</u>	<u>Total</u>
\$ 561	\$ 20,116	\$ 728,324	\$ -	\$ 875,921
-	2,063,275	-	-	2,063,275
-	-	7,722	-	7,722
1,357	-	-	-	154,696
-	736	5,136	-	29,095
1,918	2,084,127	741,182	-	3,130,709
-	1,252,336	146,980	382	1,399,698
-	48,013	25,521	-	74,811
-	83,146	488,275	-	600,047
-	200,394	30,153	-	242,346
-	43,536	9,255	-	52,791
-	1,627,425	700,184	382	2,369,693
1,918	456,702	40,998	(382)	761,016
-	10,885	-	-	10,885
98	-	-	-	121,812
98	10,885	-	-	132,697
2,016	467,587	40,998	(382)	893,713
39,653	-	-	-	1,162,922
-	-	-	-	(7,656,474)
39,653	-	-	-	(6,493,552)
41,669	467,587	40,998	(382)	(5,599,839)
-	1,480,527	47,740	960	11,275,647
\$ 41,669	\$ 1,948,114	\$ 88,738	\$ 578	\$ 5,675,808

GRAND TRAVERSE COUNTY

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2005

	Tax Collections				
	Unpledged	Foreclosure	2001 Levy	2002 Levy	2003 Levy
Cash flows from operating activities					
Cash receipts from service:	\$ -	\$ -	\$ -	\$ -	\$ -
Cash receipts from payment of delinquent tax:	(14,008)	66,610	20,114	329,459	1,603,332
Cash payments to suppliers for goods and service:	-	(31,198)	-	-	-
Cash payments to employees for service:	-	-	-	-	-
Cash payments to other governmental agencies:	-	-	-	(1,380)	-
Net cash (used in) provided by operating activities	(14,008)	35,412	20,114	328,079	1,603,332
Cash flows from non-capital financing activities					
Transfer from other fund:	1,123,269	-	-	-	-
Transfer to other fund:	(997,308)	-	(1,123,269)	(1,535,897)	(4,000,000)
Net cash provided by (used in) non-capital financing activities	125,961	-	(1,123,269)	(1,535,897)	(4,000,000)
Cash flows from capital and related financing activities					
Proceeds from sale of capital asset:	-	-	-	-	-
Purchases of capital asset:	-	-	-	-	-
Net cash used in capital and related financing activities	-	-	-	-	-
Cash flows provided by investing activities					
Interest received:	40,468	469	3,503	21,532	87,283
Net increase (decrease) in cash and investments - cash equivalents	152,421	35,881	(1,099,652)	(1,186,286)	(2,309,385)
Cash and investments - cash equivalents, beginning of year:	743,810	-	1,099,652	1,524,795	4,393,106
Cash and investments - cash equivalents, end of year	\$ 896,231	\$ 35,881	\$ -	\$ 338,509	\$ 2,083,721
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss):	\$ 8,339	\$ 26,288	\$ (1)	\$ 28,914	\$ 198,240
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation:	-	-	-	-	-
Changes in assets and liabilities:					
Accounts receivable:	-	-	-	-	-
Taxes receivable:	(14,931)	-	15,011	226,314	1,305,791
Interest receivable:	(6,935)	-	5,104	74,448	100,885
Due from other governmental unit:	(481)	-	-	(1,597)	(1,584)
Prepaid items and other assets:	-	-	-	-	-
Accounts payable:	-	9,124	-	-	-
Accrued and other liabilities:	-	-	-	-	-
Net cash (used in) provided by operating activities	\$ (14,008)	\$ 35,412	\$ 20,114	\$ 328,079	\$ 1,603,332

<u>2005 Levy</u>	<u>Inspections</u>	<u>Solid Waste</u>	<u>Building Authority</u>	<u>Total</u>
\$ -	\$ 2,084,713	\$ 706,627	\$ -	\$ 2,791,340
(24,703)	-	-	-	1,980,804
-	(321,994)	(626,313)	-	(979,505)
-	(1,247,064)	(147,348)	(382)	(1,394,794)
-	-	-	-	(1,380)
(24,703)	515,655	(67,034)	(382)	2,396,465
39,653	-	-	-	1,162,922
-	-	-	-	(7,656,474)
39,653	-	-	-	(6,493,552)
-	10,885	-	-	10,885
-	(79,915)	-	-	(79,915)
-	(69,030)	-	-	(69,030)
52	-	-	-	153,307
15,002	446,625	(67,034)	(382)	(4,012,810)
-	1,462,901	187,670	960	9,412,894
\$ 15,002	\$ 1,909,526	\$ 120,636	\$ 578	\$ 5,400,084
\$ 1,918	\$ 456,702	\$ 40,998	\$ (382)	\$ 761,016
-	43,536	9,255	-	52,791
-	586	(34,555)	-	(33,969)
(25,597)	-	-	-	1,506,588
(1,024)	-	-	-	172,478
-	-	-	-	(3,662)
-	150	-	-	150
-	9,409	(82,364)	-	(63,831)
-	5,272	(368)	-	4,904
\$ (24,703)	\$ 515,655	\$ (67,034)	\$ (382)	\$ 2,396,465

GRAND TRAVERSE COUNTY

COMBINING STATEMENT OF NET ASSETS INTERNAL SERVICE FUNDS

DECEMBER 31, 2005

	Management Information Systems	County Insurance	Fringe Benefits
Assets			
Current assets			
Cash and investments - cash equivalents	\$ -	\$ 99,863	\$ 971,737
Accounts receivable, net	328,657	4,941	23,799
Prepaid items and other assets	66,994	-	57,866
Total current assets	395,651	104,804	1,053,402
Capital assets			
Equipment	2,626,731	-	-
Less accumulated depreciation	(2,302,544)	-	-
Total capital assets	324,187	-	-
Total assets	719,838	104,804	1,053,402
Liabilities			
Current liabilities			
Accounts payable	6,494	-	3,540
Accrued liabilities	8,329	95,935	411,591
Due to other funds	68,306	-	-
Current portion of note payable	24,822	-	-
Total current liabilities	107,951	95,935	415,131
Long-term liabilities			
Long-term advances from other fund	492,181	-	-
Note payable	82,747	-	-
Compensated absences	35,428	-	-
Total long-term liabilities	610,356	-	-
Total liabilities	718,307	95,935	415,131
Net assets			
Investment in capital assets, net of related debt	1,531	-	-
Unrestricted	-	8,869	638,271
Total net assets	\$ 1,531	\$ 8,869	\$ 638,271

Central Services	Motor Pool	Total
\$ 78,442	\$ -	\$ 1,150,042
61,853	-	419,250
12,580	-	137,440
152,875	-	1,706,732
281,136	1,628,160	4,536,027
(256,213)	(1,308,965)	(3,867,722)
24,923	319,195	668,305
177,798	319,195	2,375,037
12,169	-	22,203
113	-	515,968
-	-	68,306
-	-	24,822
12,282	-	631,299
-	-	492,181
-	-	82,747
-	-	35,428
-	-	610,356
12,282	-	1,241,655
24,923	319,195	345,649
140,593	-	787,733
\$ 165,516	\$ 319,195	\$ 1,133,382

GRAND TRAVERSE COUNTY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2005

	Management Information Systems	County Insurance	Fringe Benefits
Operating revenues			
Charges for services	\$ 1,330,697	\$ 679,861	\$ 7,836,605
Rental revenue	-	-	-
Other	5,486	-	111,173
Total operating revenues	1,336,183	679,861	7,947,778
Operating expenses			
Personnel services	575,795	-	71,329
Supplies	102,201	-	730
Contractual services	164,001	-	7,970,114
Other	254,722	765,293	2,440
Depreciation	237,933	-	-
Total operating expenses	1,334,652	765,293	8,044,613
Operating income (loss)	1,531	(85,432)	(96,835)
Nonoperating revenue (expense)			
Interest revenue	-	-	12,148
Interest and fiscal charges	-	-	-
Total nonoperating revenue (expense)	-	-	12,148
Change in net assets	1,531	(85,432)	(84,687)
Net assets, beginning of year	-	94,301	722,958
Net assets, end of year	\$ 1,531	\$ 8,869	\$ 638,271

Central Services	Motor Pool	Total
\$ 390,795	\$ -	\$ 10,237,958
-	288,504	288,504
2,864	-	119,523
393,659	288,504	10,645,985
21,680	-	668,804
233,687	-	336,618
2,835	-	8,136,950
40,589	-	1,063,044
26,282	214,687	478,902
325,073	214,687	10,684,318
68,586	73,817	(38,333)
-	-	12,148
(196)	-	(196)
(196)	-	11,952
68,390	73,817	(26,381)
97,126	245,378	1,159,763
\$ 165,516	\$ 319,195	\$ 1,133,382

GRAND TRAVERSE COUNTY

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2005

	Management Information Systems	County Insurance	Fringe Benefits
Cash flows from operating activities			
Cash receipts from interfund services	\$ 1,119,512	\$ 675,110	\$ 7,946,699
Cash payments to suppliers for goods and services	(565,863)	(744,383)	(8,002,258)
Cash payments to employees for services	(585,820)	-	(87,616)
Net cash (used in) provided by operating activities	(32,171)	(69,273)	(143,175)
Cash flows from non-capital financing activities			
Advances to other funds	-	-	-
Due to other funds	68,306	-	(20,012)
Net cash provided by (used in) non-capital financing activities	68,306	-	(20,012)
Cash flows from capital and related financing activities			
Principal payments	(30,594)	-	-
Interest payments	-	-	-
Note proceeds	138,163	-	-
Purchases of capital assets	(143,704)	-	-
Net cash used in capital and related financing activities	(36,135)	-	-
Cash flows provided by investing activities			
Interest received	-	-	12,148
Net increase (decrease) in cash and investments - cash equivalents	-	(69,273)	(151,039)
Cash and investments - cash equivalents, beginning of year	-	169,136	1,122,776
Cash and investments - cash equivalents, end of year	\$ -	\$ 99,863	\$ 971,737

GRAND TRAVERSE COUNTY

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2005

	Management Information Systems	County Insurance	Fringe Benefits
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 1,531	\$ (85,432)	\$ (96,835)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	237,933	-	-
Changes in assets and liabilities			
Accounts receivables	(216,671)	(4,751)	(1,079)
Prepaid items and other assets	(16,244)	-	(15,597)
Accounts payable	(28,695)	(1,298)	(13,377)
Accrued and other liabilities	(10,025)	22,208	(16,287)
Net cash (used in) provided by operating activities	\$ (32,171)	\$ (69,273)	\$ (143,175)

Central Services	Motor Pool	Total
\$ 362,902	\$ 288,504	\$ 10,392,727
(252,695)	-	(9,565,199)
(21,653)	-	(695,089)
88,554	288,504	132,439
-	(288,504)	(288,504)
(11,572)	-	36,722
(11,572)	(288,504)	(251,782)
(10,435)	-	(41,029)
(196)	-	(196)
-	-	138,163
(5,505)	-	(149,209)
(16,136)	-	(52,271)
-	-	12,148
60,846	-	(159,466)
17,596	-	1,309,508
\$ 78,442	\$ -	\$ 1,150,042

Central Services	Motor Pool	Total
<hr/>	<hr/>	<hr/>
\$ 68,586	\$ 73,817	\$ (38,333)
26,282	214,687	478,902
(30,757)	-	(253,258)
21,436	-	(10,405)
2,980	-	(40,390)
27	-	(4,077)
<hr/>	<hr/>	<hr/>
\$ 88,554	\$ 288,504	\$ 132,439

GRAND TRAVERSE COUNTY

COMBINING BALANCE SHEET
TRUST AND AGENCY FUNDS

DECEMBER 31, 2005

	Trust and Agency Fund	Inmate Trust	District Court Trust	Friend of Court Trust	Library Fines	Water and Sewer Receiving Funds	Total
Assets							
Cash and investments - cash equivalents	\$ 1,869,606	\$ 28,669	\$ 90,155	\$ 5,370	\$ 204,891	\$ 891,795	\$ 3,090,486
Accounts receivable, net	3,553	-	-	-	-	840,155	843,708
Total assets	\$ 1,873,159	\$ 28,669	\$ 90,155	\$ 5,370	\$ 204,891	\$ 1,731,950	\$ 3,934,194
Liabilities							
Due to other governments	\$ 945,860	\$ -	\$ -	\$ -	\$ -	\$ 839,955	\$ 1,785,815
Accounts payable	-	-	-	-	-	891,995	891,995
Court items payable	180,533	-	90,155	-	-	-	270,688
Undistributed receipts	741,244	-	-	-	204,891	-	946,135
Other liabilities	5,522	28,669	-	5,370	-	-	39,561
Total liabilities	\$ 1,873,159	\$ 28,669	\$ 90,155	\$ 5,370	\$ 204,891	\$ 1,731,950	\$ 3,934,194

GRAND TRAVERSE COUNTY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2005

	Balance January 1, 2005	Additions	Deductions	Balance December 31, 2005
Trust and Agency Fund				
Assets				
Cash and investments- cash equivalents	\$ 1,708,867	\$ 59,892,407	\$ 59,731,668	\$ 1,869,606
Accounts receivable	1,438	3,221	1,106	3,553
Total assets	\$ 1,710,305	\$ 59,895,628	\$ 59,732,774	\$ 1,873,159
Liabilities				
Due to other governments	\$ 899,692	\$ 36,368,041	\$ 36,321,873	\$ 945,860
Court items payable	243,109	802,240	864,816	180,533
Undistributed receipts	566,630	23,242,790	23,068,176	741,244
Other liabilities	874	33,589	28,941	5,522
Total liabilities	\$ 1,710,305	\$ 60,446,660	\$ 60,283,806	\$ 1,873,159
Inmate Trust Fund				
Assets				
Cash and investments - cash equivalents	\$ 24,556	\$ 938,209	\$ 934,096	\$ 28,669
Liabilities				
Other liabilities	\$ 24,556	\$ 938,209	\$ 934,096	\$ 28,669
District Court Trust Fund				
Assets				
Cash and investments - cash equivalents	\$ 109,720	\$ 882,269	\$ 901,834	\$ 90,155
Liabilities				
Court items payable	\$ 109,720	\$ 882,269	\$ 901,834	\$ 90,155
Friend of Court Trust Fund				
Assets				
Cash and investments - cash equivalents	\$ 24,584	\$ 1,176,046	\$ 1,195,260	\$ 5,370
Liabilities				
Other liabilities	\$ 24,584	\$ 1,176,046	\$ 1,195,260	\$ 5,370

Continued...

GRAND TRAVERSE COUNTY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2005

	Balance January 1, 2005	Additions	Deductions	Balance December 31, 2005
Library Fines Fund				
Assets				
Cash and investments - cash equivalents	\$ 210,479	\$ 346,175	\$ 351,763	\$ 204,891
Liabilities				
Undistributed receipts	\$ 210,479	\$ 346,175	\$ 351,763	\$ 204,891
Water and Sewer Receiving Funds				
Assets				
Cash and investments- cash equivalents	\$ 863,778	\$ 8,812,960	\$ 8,784,943	\$ 891,795
Accounts receivable	732,643	5,522,653	5,415,141	840,155
Total assets	\$ 1,596,421	\$ 14,335,613	\$ 14,200,084	\$ 1,731,950
Liabilities				
Accounts payable	\$ 864,856	\$ 891,995	\$ 864,856	\$ 891,995
Due to other governments	731,565	5,522,453	5,414,063	839,955
Total liabilities	\$ 1,596,421	\$ 6,414,448	\$ 6,278,919	\$ 1,731,950
Total Agency Funds				
Assets				
Cash and investments - cash equivalents	\$ 2,941,984	\$ 72,048,066	\$ 71,899,564	\$ 3,090,486
Accounts receivable	734,081	5,525,874	5,416,247	843,708
Total assets	\$ 3,676,065	\$ 77,573,940	\$ 77,315,811	\$ 3,934,194
Liabilities				
Due to other governments	\$ 1,631,257	\$ 41,890,494	\$ 41,735,936	\$ 1,785,815
Accounts payable	864,856	891,995	864,856	891,995
Court items payable	352,829	1,684,509	1,766,650	270,688
Undistributed receipts	777,109	23,588,965	23,419,939	946,135
Other liabilities	50,014	2,147,844	2,158,297	39,561
Total liabilities	\$ 3,676,065	\$ 70,203,807	\$ 69,945,678	\$ 3,934,194

Concluded

GRAND TRAVERSE COUNTY

COMBINING STATEMENT OF NET ASSETS DEPARTMENT OF PUBLIC WORKS COMPONENT UNIT

DECEMBER 31, 2005

	DPW	Septage Facility	Garfield Septage Facility	Total
Assets				
Current assets				
Cash and investments - cash equivalents	\$ 6,378,414	\$ 548,358	\$ 10,099	\$ 6,936,871
Receivables, net				
Accounts	91,072	145,337	-	236,409
Lease	58,975,000	-	-	58,975,000
Interest	497,911	2,015	-	499,926
Insurance recoveries	-	1,872,000	-	1,872,000
Due from other governments	261,077	-	-	261,077
Total current assets	66,203,474	2,567,710	10,099	68,781,283
Capital assets				
Land	-	400,000	-	400,000
Construction in progress	992,408	5,243,862	-	6,236,270
Total capital assets	992,408	5,643,862	-	6,636,270
Other assets				
Unamortized bond issuance costs	362,762	87,750	-	450,512
Total assets	67,558,644	8,299,322	10,099	75,868,065
Liabilities				
Current liabilities				
Accounts payable	312,314	310,971	831	624,116
Accrued liabilities	161,989	-	-	161,989
Accrued interest payable	477,094	47,160	-	524,254
Unearned revenue	-	142,683	-	142,683
Due to other governments	102,000	-	9,268	111,268
Current portion of bonds payable	3,105,000	300,000	-	3,405,000
Total current liabilities	4,158,397	800,814	10,099	4,969,310
Long-term liabilities				
Bonds payable	61,453,621	7,225,000	-	68,678,621
Compensated absences	48,685	-	-	48,685
Total long-term liabilities	61,502,306	7,225,000	-	68,727,306
Total liabilities	65,660,703	8,025,814	10,099	73,696,616
Net assets				
Investment in capital assets, net of related debt	91,379	-	-	91,379
Unrestricted	1,806,562	273,508	-	2,080,070
Total net assets	\$ 1,897,941	\$ 273,508	\$ -	\$ 2,171,449

GRAND TRAVERSE COUNTY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS DEPARTMENT OF PUBLIC WORKS COMPONENT UNIT

FOR THE YEAR ENDED DECEMBER 31, 2005

	DPW	Septage Facility	Garfield Septage Facility	Total
Operating revenues				
Charges for services	\$ 3,690,993	\$ 300,056	\$ -	\$ 3,991,049
Federal sources	-	241,100	-	241,100
Local sources	2,577	-	8,949	11,526
Other	148,497	19,000	5,260	172,757
Total operating revenues	3,842,067	560,156	14,209	4,416,432
Operating expenses				
Personnel services	926,235	19,706	1,131	947,072
Public works	69,684	-	-	69,684
Supplies	241,672	1,064	10	242,746
Contractual services	152,462	204,326	794	357,582
Other	2,519,119	7,300	16,337	2,542,756
Total operating expenses	3,909,172	232,396	18,272	4,159,840
Operating (loss) income	(67,105)	327,760	(4,063)	256,592
Nonoperating revenue (expense)				
Interest revenue	137,794	23,897	-	161,691
Insurance recovery	-	2,122,000	-	2,122,000
Impairment loss	-	(2,122,000)	-	(2,122,000)
Interest and fiscal charges	(2,684,234)	(116,931)	-	(2,801,165)
Total nonoperating revenue (expense)	(2,546,440)	(93,034)	-	(2,639,474)
Change in net assets	(2,613,545)	234,726	(4,063)	(2,382,882)
Net assets, beginning of year	4,511,486	38,782	4,063	4,554,331
Net assets, end of year	\$ 1,897,941	\$ 273,508	\$ -	\$ 2,171,449

GRAND TRAVERSE COUNTY

COMBINING STATEMENT OF CASH FLOWS DEPARTMENT OF PUBLIC WORKS COMPONENT UNIT FOR THE YEAR ENDED DECEMBER 31, 2005

	DPW	Septage Facility	Garfield Septage Facility	Total
Cash flows from operating activities:				
Cash receipts from services	\$ 3,927,289	\$ 505,005	\$ 14,209	\$ 4,446,503
Cash payments to suppliers for goods and service:	(3,249,186)	(300,233)	(16,310)	(3,565,729)
Cash payments to employees for service:	(921,577)	(19,706)	(1,131)	(942,414)
Net cash (used in) provided by operating activitie	(243,474)	185,066	(3,232)	(61,640)
Cash flows used in non-capital financing activitie				
Advance from primary government	-	-	9,268	9,268
Cash flows from capital and related financing activitie				
Payment of lease receivable	5,673,057	-	-	5,673,057
Payment of note receivable	-	400,000	-	400,000
Bond proceeds	5,675,000	-	-	5,675,000
Bond issuance costs	(146,850)	-	-	(146,850)
Insurance proceeds	-	250,000	-	250,000
Principal payments:	(2,905,000)	(275,000)	-	(3,180,000)
Interest payments:	(2,653,907)	(117,938)	-	(2,771,845)
Purchases of capital assets	(2,728,447)	(2,302,669)	-	(5,031,116)
Net cash provided by (used in) capital and related financing activities:	2,913,853	(2,045,607)	-	868,246
Cash flows provided by investing activitie				
Interest received	93,482	27,172	-	120,654
Net increase (decrease) in cash and investments - cash equivalent:	2,763,861	(1,833,369)	6,036	936,528
Cash and investments - cash equivalents, beginning of ye:	3,614,553	2,381,727	4,063	6,000,343
Cash and investments - cash equivalents, end of yea	\$ 6,378,414	\$ 548,358	\$ 10,099	\$ 6,936,871
Reconciliation of operating income to net cash provided by operating activities:				
Operating (loss) income	\$ (67,105)	\$ 327,760	\$ (4,063)	\$ 256,592
Adjustments to reconcile operating income to net cash from operating activities:				
Amortization of bond issuance cost	23,068	4,875	-	27,943
Changes in assets and liabilities:				
Accounts receivable:	(22,746)	(145,337)	-	(168,083)
Due from other governmental unit	107,968	-	-	107,968
Accounts payable	(289,317)	(92,418)	831	(380,904)
Deferred revenue	-	90,186	-	90,186
Accrued and other liabilities:	4,658	-	-	4,658
Net cash (used in) provided by operating activitie	\$ (243,474)	\$ 185,066	\$ (3,232)	\$ (61,640)

GRAND TRAVERSE COUNTY

COMBINING BALANCE SHEET DRAIN COMMISSION COMPONENT UNIT

DECEMBER 31, 2005

	Capital Projects Funds			
	Heritage Estates Drain Special Assessment	Acme Town Center Project	Sam's Club Drain Special Assessment	Silver Lake Farms Drain Special Assessment
Assets				
Cash and investments - cash equivalents	\$ 1,334	\$ 1,624	\$ 3,786	\$ 817
Receivables, net				
Accounts	-	-	-	-
Interest	-	-	-	-
Total assets	\$ 1,334	\$ 1,624	\$ 3,786	\$ 817
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Fund balances				
Unreserved and undesignated	1,334	1,624	3,786	817
Total liabilities and fund balances	\$ 1,334	\$ 1,624	\$ 3,786	\$ 817

Cherry Ridge Estates Drain Special Assessment	Holiday South Drain Special Assessment	Westchester Hills Drain Special Assessment	Silver Lake Lake Level Special Assessment
\$ 4,079	\$ 616	\$ 330	\$ 8,567
-	-	-	-
-	-	-	-
\$ 4,079	\$ 616	\$ 330	\$ 8,567

\$ -	\$ -	\$ -	\$ -
4,079	616	330	8,567
\$ 4,079	\$ 616	\$ 330	\$ 8,567

Continued...

GRAND TRAVERSE COUNTY

COMBINING BALANCE SHEET DRAIN COMMISSION COMPONENT UNIT

DECEMBER 31, 2005

	Capital Projects Funds			
	Deepwater Point Drain Special Assessment	Old Mission Drain Special Assessment	Cass Road Drain Special Assessment	Gilbert Park Drain Special Assessment
Assets				
Cash and investments - cash equivalents	\$ 38,133	\$ 2,100	\$ 4,489	\$ 7,999
Receivables, net				
Accounts	-	-	-	-
Interest	120	-	-	-
Total assets	\$ 38,253	\$ 2,100	\$ 4,489	\$ 7,999
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Fund balances				
Unreserved and undesignated	38,253	2,100	4,489	7,999
Total liabilities and fund balances	\$ 38,253	\$ 2,100	\$ 4,489	\$ 7,999

Timberlane Drive Drain Special Assessment	Drain Revolving	Total
\$ 58,655	\$ -	\$ 132,529
-	13,153	13,153
184	-	304
\$ 58,839	\$ 13,153	\$ 145,986
\$ -	\$ 13,153	\$ 13,153
58,839	-	132,833
\$ 58,839	\$ 13,153	\$ 145,986

Concluded

GRAND TRAVERSE COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES DRAIN COMMISSION COMPONENT UNIT

FOR THE YEAR ENDED DECEMBER 31, 2005

	Capital Projects Funds			
	Heritage Estates Drain Special Assessment	Acme Town Center Project	Sam's Club Drain Special Assessment	Silver Lake Farms Drain Special Assessment
Revenues				
Interest revenue	\$ 35	\$ 43	\$ 99	\$ 22
Expenditures				
Public works	-	-	-	-
Net change in fund balances	35	43	99	22
Fund balances, beginning of year	1,299	1,581	3,687	795
Fund balances, end of year	\$ 1,334	\$ 1,624	\$ 3,786	\$ 817

Cherry Ridge Estates Drain Special Assessment	Holiday South Drain Special Assessment	Westchester Hills Drain Special Assessment	Silver Lake Lake Level Special Assessment
\$ 107	\$ 16	\$ 9	\$ 286
-	-	-	2,788
107	16	9	(2,502)
3,972	600	321	11,069
<u>\$ 4,079</u>	<u>\$ 616</u>	<u>\$ 330</u>	<u>\$ 8,567</u>

Continued...

GRAND TRAVERSE COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES DRAIN COMMISSION COMPONENT UNIT

FOR THE YEAR ENDED DECEMBER 31, 2005

	Capital Projects Funds			
	Deepwater Point Drain Special Assessment	Old Mission Drain Special Assessment	Cass Road Drain Special Assessment	Gilbert Park Drain Special Assessment
Revenues				
Interest revenue	\$ 1,061	\$ 54	\$ 118	\$ 209
Expenditures				
Public works	-	-	-	-
Net change in fund balances	1,061	54	118	209
Fund balances, beginning of year	37,192	2,046	4,371	7,790
Fund balances, end of year	\$ 38,253	\$ 2,100	\$ 4,489	\$ 7,999

Timberlane Drive Drain Special Assessment	Drain Revolving	Total
\$ 1,631	\$ -	\$ 3,690
-	-	2,788
1,631	-	902
57,208	-	131,931
\$ 58,839	\$ -	\$ 132,833

Concluded

GRAND TRAVERSE COUNTY

STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET BROWNFIELD REDEVELOPMENT AUTHORITY COMPONENT UNIT

DECEMBER 31, 2005

	Capital Projects Funds			
	Harbor View Centre	River's Edge	CSXT Boardman Lake	Van Wagoner
Assets				
Cash and investments - cash equivalents	\$ 416	\$ 23	\$ 376,758	\$ 75,957
Receivables, net				
Accounts	10,162	-	-	-
Taxes	-	3,229	14,073	9,489
Due from other funds	-	-	-	-
Deferred charges	34,066	112,799	-	-
Total assets	\$ 44,644	\$ 116,051	\$ 390,831	\$ 85,446
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 34,066	\$ 112,799	\$ -	\$ -
Due to other funds	-	100	-	-
Unearned revenue	10,162	-	27,918	9,489
Total liabilities	44,228	112,899	27,918	9,489
Fund balances / net assets				
Reserved for deferred charges	416	3,152	-	-
Unreserved and undesignated	-	-	362,913	75,957
Total fund balances	416	3,152	362,913	75,957
Total liabilities and fund balances	\$ 44,644	\$ 116,051	\$ 390,831	\$ 85,446

Park Street	Bridgestone Firestone	Kirby Boot Lake
\$ 1,790	\$ 746	\$ 4,959
-	-	-
248	17,531	102
-	-	-
1,249,400	-	-
\$ 1,251,438	\$ 18,277	\$ 5,061

\$ 1,249,400	\$ -	\$ -
-	-	-
-	-	980
1,249,400	-	980
2,038	-	-
-	18,277	4,081
2,038	18,277	4,081
\$ 1,251,438	\$ 18,277	\$ 5,061

Continued...

GRAND TRAVERSE COUNTY

STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET BROWNFIELD REDEVELOPMENT AUTHORITY COMPONENT UNIT

DECEMBER 31, 2005

	Melling Tool	Traverse Cast	Grand Traverse Auto	Grand Traverse Commons
Assets				
Cash and investments - cash equivalents	\$ -	\$ -	\$ 904	\$ 1,591
Receivables, net				
Accounts	-	6,000	-	-
Taxes	-	-	179	5,708
Due from other funds	-	-	-	-
Deferred charges	-	423,108	-	-
Total assets	\$ -	\$ 429,108	\$ 1,083	\$ 7,299
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ -	\$ 423,108	\$ 125	\$ -
Due to other funds	-	6,000	-	-
Unearned revenue	-	-	-	806
Total liabilities	-	429,108	125	806
Fund balances / net assets				
Reserved for deferred charges	-	-	-	-
Unreserved and undesignated	-	-	958	6,493
Total fund balances	-	-	958	6,493
Total liabilities and fund balances	\$ -	\$ 429,108	\$ 1,083	\$ 7,299
Net assets				
Unrestricted				

Local Revolving Loan Fund	Total	Adjustments	Statement of Net Assets
\$ 570,553	\$ 1,033,697	\$ -	\$ 1,033,697
-	16,162	-	16,162
188,340	238,899	-	238,899
6,100	6,100	(6,100)	-
-	1,819,373	-	1,819,373
\$ 764,993	\$ 3,114,231	\$ (6,100)	\$ 3,108,131

\$ 12,114	\$ 1,831,612	\$ -	\$ 1,831,612
-	6,100	(6,100)	-
181,519	230,874	-	230,874
193,633	2,068,586	(6,100)	2,062,486

-	5,606	(5,606)	-
571,360	1,040,039	(1,040,039)	-
571,360	1,045,645	(1,045,645)	-
\$ 764,993	\$ 3,114,231		

\$ 1,045,645	\$ 1,045,645
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Concluded

GRAND TRAVERSE COUNTY

STATEMENT OF ACTIVITIES AND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BROWNFIELD REDEVELOPMENT AUTHORITY COMPONENT UNIT

FOR THE YEAR ENDED DECEMBER 31, 2005

	Capital Projects Funds			
	Harbor View Centre	River's Edge	CSXT Boardman Lake	Van Wagoner
Expenditures/expenses				
Public works	\$ 22,025	\$ 310,704	\$ -	\$ -
General revenues				
Taxes	16,670	242,396	159,609	33,701
Interest revenue	990	724	8,976	1,823
Total general revenues	17,660	243,120	168,585	35,524
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Change in fund balances / net assets	(4,365)	(67,584)	168,585	35,524
Fund balances/net assets, beginning of year	4,781	70,736	194,328	40,433
Fund balances/net assets, end of year	\$ 416	\$ 3,152	\$ 362,913	\$ 75,957

Park Street	Bridgestone Firestone	Kirby Boot Lake
\$ 250,600	\$ 34,550	\$ -
132,284	34,497	3,091
1,622	750	50
133,906	35,247	3,141
11,000	-	-
-	(11,000)	-
11,000	(11,000)	-
(105,694)	(10,303)	3,141
107,732	28,580	940
\$ 2,038	\$ 18,277	\$ 4,081

Continued...

GRAND TRAVERSE COUNTY

STATEMENT OF ACTIVITIES AND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BROWNFIELD REDEVELOPMENT AUTHORITY COMPONENT UNIT

FOR THE YEAR ENDED DECEMBER 31, 2005

	Melling Tool	Traverse Cast	Grand Traverse Auto	Grand Traverse Commons
Expenditures/expenses				
Public works	\$ 5,000	\$ -	\$ 1,281	\$ 5,000
General revenues				
Taxes	-	-	1,957	5,832
Interest revenue	-	-	40	105
Total general revenues	-	-	1,997	5,937
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Change in fund balances / net assets	(5,000)	-	716	937
Fund balances/net assets, beginning of year	5,000	-	242	5,556
Fund balances/net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 958</u>	<u>\$ 6,493</u>

Local Revolving Loan Fund	Total	Adjustments	Statement of Activities
<u>\$ 13,487</u>	<u>\$ 642,647</u>	<u>\$ -</u>	<u>\$ 642,647</u>
219,350	849,387	-	849,387
<u>18,905</u>	<u>33,985</u>	<u>-</u>	<u>33,985</u>
<u>238,255</u>	<u>883,372</u>	<u>-</u>	<u>883,372</u>
-	11,000	-	11,000
<u>-</u>	<u>(11,000)</u>	<u>-</u>	<u>(11,000)</u>
-	-	-	-
224,768	240,725	-	240,725
<u>346,592</u>	<u>804,920</u>	<u>366,182</u>	<u>804,920</u>
<u>\$ 571,360</u>	<u>\$ 1,045,645</u>	<u>\$ 366,182</u>	<u>\$ 1,045,645</u>

Continued...

GRAND TRAVERSE COUNTY

**BALANCE SHEET
EDC OF GRAND TRAVERSE COUNTY
COMPONENT UNIT**

DECEMBER 31, 2005

Assets

Cash and investments- cash equivalents (equal to undesignated fund balance)	<u><u>\$ 17,055</u></u>
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GRAND TRAVERSE COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE EDC OF GRAND TRAVERSE COUNTY COMPONENT UNIT

FOR THE YEAR ENDED DECEMBER 31, 2005

Expenditures/expenses	
Public works	\$ -
Revenues	
Interest revenue	<u>437</u>
Net change in fund balance	437
Fund balance, beginning of year	<u>16,618</u>
Fund balance, end of year	<u>\$ 17,055</u>

GRAND TRAVERSE COUNTY

STATISTICAL SECTION

This part of Grand Traverse County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	133-137
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	
Revenue Capacity	138-141
These schedules contain information to help the reader assess the factors affecting the County's ability to generate int property and sales taxes.	
Debt Capacity	142-145
These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and County's ability to issue additional debt in the future.	
Demographic and Economic Information	146-147
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	148-150
These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from annual financial statements for the relevant year. The County implemented GASB Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that year.

GRAND TRAVERSE COUNTY
Net Assets by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,810	\$ 29,096	\$ 29,890
Restricted	-	-	-	-	-	-	-	-	4,884	9,060
Unrestricted	-	-	-	-	-	-	-	12,471	13,863	15,357
Total governmental activities net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,281</u>	<u>\$ 47,843</u>	<u>\$ 54,307</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,490	\$ 7,002	\$ 7,235
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	14,918	14,676	14,894
Total business-type activities net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,408</u>	<u>\$ 21,678</u>	<u>\$ 22,129</u>
Primary government										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,300	\$ 36,098	\$ 37,125
Restricted	-	-	-	-	-	-	-	-	4,884	9,060
Unrestricted	-	-	-	-	-	-	-	27,389	28,539	30,251
Total primary activities net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,689</u>	<u>\$ 69,521</u>	<u>\$ 76,436</u>

GRAND TRAVERSE COUNTY
Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Expenses										
Governmental activities:										
Legislative	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 384	\$ 385	\$ 384
Judicial	-	-	-	-	-	-	-	7,043	6,995	7,486
General government	-	-	-	-	-	-	-	9,060	8,828	9,372
Public safety	-	-	-	-	-	-	-	13,332	12,736	13,605
Public works	-	-	-	-	-	-	-	2	-	-
Health and welfare	-	-	-	-	-	-	-	8,784	8,543	8,296
Recreation and cultural	-	-	-	-	-	-	-	821	963	977
Interest on long-term debt	-	-	-	-	-	-	-	271	281	317
Total governmental activities expenses	-	-	-	-	-	-	-	39,697	38,731	40,437
Business-type activities:										
Inspections	-	-	-	-	-	-	-	1,414	1,474	1,489
Medical care facility	-	-	-	-	-	-	-	34,241	28,068	22,365
Solid waste	-	-	-	-	-	-	-	317	634	682
Delinquent taxes	-	-	-	-	-	-	-	8	8	42
Total business-type activities expenses	-	-	-	-	-	-	-	35,980	30,184	24,578
Total primary government expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,677	\$ 68,915	\$ 65,015
Program Revenues										
Governmental activities:										
Charges for services										
Legislative	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ 9	\$ 2
Judicial	-	-	-	-	-	-	-	2,503	2,807	3,138
General government	-	-	-	-	-	-	-	4,384	3,107	2,809
Public safety	-	-	-	-	-	-	-	1,502	1,407	1,382
Health and welfare	-	-	-	-	-	-	-	1,917	1,746	1,548
Recreation and cultural	-	-	-	-	-	-	-	391	491	423
Operating grants and contributions	-	-	-	-	-	-	-	9,781	10,527	11,232
Capital grants and contributions	-	-	-	-	-	-	-	15	17	11
Total governmental activities program revenues	-	-	-	-	-	-	-	20,495	20,111	20,545

Table 2

	Fiscal Year									
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Business-type activities:										
Charges for services										
Inspections	-	-	-	-	-	-	-	1,717	1,928	2,084
Medical care facility	-	-	-	-	-	-	-	32,392	26,008	19,907
Solid waste	-	-	-	-	-	-	-	244	459	731
Delinquent taxes	-	-	-	-	-	-	-	762	739	794
Operating grants and contributions	-	-	-	-	-	-	-	215	136	215
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	-	-	-	-	-	-	-	35,330	29,270	23,731
Total primary government program revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,825	\$ 49,381	\$ 44,276
Net (expense)/revenue										
Governmental activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (19,202)	\$ (18,620)	\$ (19,892)
Business-type activities	-	-	-	-	-	-	-	(650)	(914)	(847)
Total primary government net expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (19,852)	\$ (19,534)	\$ (20,739)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,620	\$ 22,907	\$ 24,197
Unrestricted grants and contributions	-	-	-	-	-	-	-	1,266	465	-
Unrestricted investment earnings	-	-	-	-	-	-	-	667	657	1,001
Other revenue	-	-	-	-	-	-	-	140	79	3
Transfers - internal activities	-	-	-	-	-	-	-	1,038	1,074	1,154
Total governmental activities	-	-	-	-	-	-	-	19,731	25,182	26,355
Business-type activities:										
Property taxes	-	-	-	-	-	-	-	2,013	2,102	2,217
Unrestricted investment earnings	-	-	-	-	-	-	-	137	146	224
Other revenue	-	-	-	-	-	-	-	3	10	10
Transfers - internal activities	-	-	-	-	-	-	-	(1,038)	(1,074)	(1,154)
Total business-type activities	-	-	-	-	-	-	-	1,115	1,184	1,297
Total primary government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,846	\$ 26,366	\$ 27,652
Change in Net Assets										
Governmental activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 529	\$ 6,562	\$ 6,463
Business-type activities	-	-	-	-	-	-	-	465	270	450
Total primary government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 994	\$ 6,832	\$ 6,913

GRAND TRAVERSE COUNTY
Governmental Activities Tax Revenue By Source
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Tax
1996	\$ -
1997	-
1998	-
1999	-
2000	-
2001	-
2002	-
2003	16,620,080
2004	22,907,266
2005	24,196,544

GRAND TRAVERSE COUNTY
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,486	\$ 1,204	\$ 922
Unreserved	-	-	-	-	-	-	-	4,317	4,466	5,396
Total general fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	5,803	\$ 5,670	\$ 6,318
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	11	\$ 4,891	\$ 9,069
Unreserved										
Special revenue funds	-	-	-	-	-	-	-	3,240	3,712	3,827
Debt service funds	-	-	-	-	-	-	-	-	-	1
Capital projects funds	-	-	-	-	-	-	-	2,580	3,085	7,590
Total all other governmental funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	5,831	\$ 11,688	\$ 20,487

GRAND TRAVERSE COUNTY
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Revenues										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,620	\$ 22,907	\$ 24,197
Licenses and permits	-	-	-	-	-	-	-	517	575	566
Intergovernmental										
Federal sources	-	-	-	-	-	-	-	2,789	2,797	3,753
State sources	-	-	-	-	-	-	-	5,539	4,483	3,761
Local sources	-	-	-	-	-	-	-	2,888	2,871	3,208
Charges for services	-	-	-	-	-	-	-	6,267	6,921	6,714
Fines and forfeits	-	-	-	-	-	-	-	192	216	176
Reimbursements	-	-	-	-	-	-	-	2,448	1,760	1,968
Contributions	-	-	-	-	-	-	-	44	35	67
Rental revenue	-	-	-	-	-	-	-	653	672	627
Interest revenue	-	-	-	-	-	-	-	656	726	989
Other revenue	-	-	-	-	-	-	-	3,043	1,398	1,501
Total revenues	-	-	-	-	-	-	-	41,656	45,361	47,527
Expenditures										
Legislative	-	-	-	-	-	-	-	383	386	385
Judicial	-	-	-	-	-	-	-	7,497	7,612	8,074
General government	-	-	-	-	-	-	-	8,797	9,160	9,954
Public safety	-	-	-	-	-	-	-	11,715	12,577	13,693
Health and welfare	-	-	-	-	-	-	-	9,577	8,569	9,644
Recreation and culture	-	-	-	-	-	-	-	1,233	750	764
Capital outlay	-	-	-	-	-	-	-	3,084	675	4,274
Debt service:										
Principal	-	-	-	-	-	-	-	395	570	345
Interest and fiscal charges	-	-	-	-	-	-	-	254	279	259
Total expenditures	-	-	-	-	-	-	-	42,935	40,578	47,392
Excess of revenues over (under) expenditures	-	-	-	-	-	-	-	(1,279)	4,783	135

Table 5

	Fiscal Year									
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Other financing sources (uses)										
Bond proceeds	-	-	-	-	-	-	-	2,815	-	8,385
Bond discount	-	-	-	-	-	-	-	(15)	-	(74)
Sale of capital assets	-	-	-	-	-	-	-	-	23	4
Transfers in	-	-	-	-	-	-	-	9,310	10,218	10,756
Transfers (out)	-	-	-	-	-	-	-	(8,415)	(9,300)	(9,759)
Total other financing sources (uses)	-	-	-	-	-	-	-	3,695	941	9,312
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,416	\$ 5,724	\$ 9,447
Debt service as a percentage of noncapital expenditures								1.63%	2.13%	1.40%

GRAND TRAVERSE COUNTY
General Governmental Tax Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	Property Tax
1996	\$ -
1997	-
1998	-
1999	-
2000	-
2001	-
2002	-
2003	16,620
2004	22,907
2005	24,197

GRAND TRAVERSE COUNTY
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended December 31,	Real Property		Personal Property	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
	<u>Residential</u>	<u>Commercial</u>					
1996	\$ 1,377,976,451	\$ 433,507,846	\$ 164,840,877	\$ 1,976,325,174	6.6866	\$ 3,952,650,348	50.00%
1997	1,501,381,964	490,230,199	182,664,128	2,174,276,291	6.6432	4,348,552,582	50.00%
1998	1,661,869,395	583,007,876	200,771,500	2,445,648,771	6.5827	4,891,297,542	50.00%
1999	1,853,702,339	652,967,007	212,347,320	2,719,016,666	6.5991	5,438,033,332	50.00%
2000	2,091,589,129	737,889,614	205,660,806	3,035,139,549	6.4867	6,070,279,098	50.00%
2001	2,427,721,149	827,416,830	219,270,152	3,474,408,131	6.3932	6,948,816,262	50.00%
2002	2,694,681,189	926,440,206	233,142,282	3,854,263,677	6.3022	7,708,527,354	50.00%
2003	2,958,706,837	1,054,207,087	233,282,630	4,246,196,554	6.1772	8,492,393,108	50.00%
2004	3,256,883,720	1,120,978,842	241,452,500	4,619,315,062	6.0770	9,238,630,124	50.00%
2005	3,558,397,608	1,178,484,484	249,658,082	4,986,540,174	6.2495	9,973,080,348	50.00%

Source: Grand Traverse County Official Statement for 2003 Septage Treatment Bond Issue pg 19
Grand Traverse County 2005 Apportionment Report pg 2
Grand Traverse County Equalization Department

Note: Property in the county is reassessed annually. The county assesses property at approximately 50 percent of actual value for all types of real and personal property. Estimated actual value is calculated by dividing assessed value by those percentages. Tax rates are per \$1,000 of assessed value.

GRAND TRAVERSE COUNTY
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

<u>Grand Traverse County</u>					<u>Overlapping Rates</u>						<u>Total Direct & Overlapping Rates</u>
<u>Fiscal Year (1) (2)</u>	<u>Operating Millage</u>	<u>Commission On Aging</u>	<u>Medical Care Facility</u>	<u>Total County Millage</u>	<u>Inter- mediate Schools</u>	<u>District Library Operations</u>	<u>District Library Debt</u>	<u>Community College</u>	<u>Community College Debt</u>	<u>BATA</u>	
1996	5.7400	0.1866	0.7600	6.6866	2.8040	0.9000	0.3200	2.5000	0.0000	0.0000	13.2106
1997	5.7027	0.1854	0.7551	6.6432	2.7932	1.0929	0.3300	2.4838	0.0000	0.0000	13.3431
1998	5.6508	0.1837	0.7482	6.5827	2.7697	1.0200	0.2210	2.4612	0.0000	0.1800	13.2346
1999	5.5666	0.2955	0.7370	6.5991	2.7344	1.0600	0.2830	2.4245	0.0000	0.1774	13.2784
2000	5.4719	0.2904	0.7244	6.4867	3.0459	1.0000	0.1760	2.3832	0.8000	0.1740	14.0658
2001	5.3931	0.2862	0.7139	6.3932	3.0302	1.0000	0.2500	2.3487	0.8000	0.1713	13.9934
2002	5.3165	0.2820	0.7037	6.3022	3.0149	1.0191	0.2500	2.3152	0.8000	0.1683	13.8697
2003	5.2112	0.2763	0.6897	6.1772	2.9929	0.9990	0.2300	2.2693	0.8000	0.3500	13.8184
2004	5.1267	0.2718	0.6785	6.0770	2.9732	0.9827	0.2130	2.2324	0.6000	0.3428	13.4211
2005	5.0815	0.4955	0.6725	6.2495	2.9589	0.9740	0.1850	2.2127	0.7300	0.3380	13.6481

Source: Grand Traverse County Official Statement for 2003 Septage Treatment Bond issue Pg 16
Grand Traverse County 2003 Financial Overview - Tax & cash pg 1
1996, 1997, 2003, 2004 & 2005 Apportionment Reports

(1) Rates reduced to comply with the Headlee Amendment.

(2) This is the year in which the tax is levied. 1997 refers to the 1998 tax collection, 1999 refers to the 2000 tax collection, and so on.

GRAND TRAVERSE COUNTY
Principal Property Taxpayers
December 31, 2005

Table 8

<u>Taxpayer</u>	<u>2005*</u>			<u>1996*</u>		
	<u>Taxable Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Value</u>	<u>Taxable Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Value</u>
Grand Traverse Band of Ottawa	\$ 19,926,603	1	0.56%			
Great Wolf Lodge of TC	19,664,140	2	0.55%			
Consumers Energy	17,955,801	3	0.50%	20,150,407	2	1.11%
Gd Traverse Crossings Shopping	15,488,380	4	0.43%			
Michigan Consolidated Gas Co	15,312,834	5	0.43%	20,578,724	1	1.13%
Sara Lee Corp	14,710,060	6	0.41%			
Carpenter Enterprises LTD	13,392,800	7	0.38%	4,709,520	9	0.26%
Grand Traverse Mall LTD PTNR	12,781,790	8	0.36%	9,201,680	4	0.51%
State of Michigan (Taxable lands)	10,762,403	9	0.30%	7,917,853	5	0.44%
Dobson Cellular Systems Inc	9,673,651	10	0.27%			
GRS Grand Hotel Corp	-		-	10,552,630	3	0.58%
Cherryland Rural Electric Coop	-		-	7,420,346	6	0.41%
Commercial Leasing Inc	-		-	6,447,770	7	0.35%
United Technologies Auto Inc				5,143,558	8	0.28%
Cherry Growers Inc	-		-	4,616,960	10	0.25%
Totals	<u>\$ 149,668,462</u>		<u>4.20%</u>	<u>\$ 96,739,448</u>		<u>5.31%</u>
2005/1996 County Total Taxable Value	3,563,213,564			1,820,180,485		

Source: Grand Traverse County 2005 Apportionment Report
Grand Traverse County Equalization

* Ranked by Taxable Value

GRAND TRAVERSE COUNTY
Property Tax Levies and Collections
Last Ten Fiscal Years

Tax Year Levy	Total Tax Levy for Fiscal Year	Collected to March 1 Following Year of the Levy		Delinquents Purchased by Treasurer	Personal Property Collections in Subsequent Years (1)	Total Collections to 3/30	
		Amount	Percentage of Levy			Amount	Percentage of Levy
1996	\$ 10,419,094	\$ 9,533,244	91.50%				
1997	11,201,375	10,262,009	91.61%	\$ 871,681	\$ 67,685	\$ 11,201,375	100.00%
1998	11,918,911	10,987,545	92.19%	866,145	65,221	11,918,911	100.00%
1999	12,572,824	11,615,464	92.39%	872,267	85,093	12,572,824	100.00%
2000	13,244,770	12,182,757	91.98%	975,832	86,181	13,244,770	100.00%
2001	14,182,734	13,126,948	92.56%	974,394	81,392	14,182,734	100.00%
2002	15,109,193	14,070,231	93.12%	960,749	78,213	15,109,193	100.00%
2003	15,752,780	14,682,260	93.20%	978,541	91,979	15,752,780	100.00%
2004	16,710,666	15,662,758	93.73%	958,902	89,006	16,710,666	100.00%
2005	17,740,803	16,721,195	94.25%	956,102	63,506	17,740,803	100.00%

Source: Grand Traverse County Treasurer

(1) Personal property collected over 5 year period, if not collected after 5 years, amounts are written off through Circuit Court

GRAND TRAVERSE COUNTY
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Notes Payable	General Obligation Bonds	Notes Payable			
1996	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	-
1997	-	-	-	-	-	0.00%	-
1998	-	-	-	-	-	0.00%	-
1999	-	-	-	-	-	0.00%	-
2000	-	-	-	-	-	0.00%	-
2001	-	-	-	-	-	0.00%	-
2002	-	-	-	-	-	0.00%	-
2003	6,910,000	49,372	26,465,000	5,654	33,430,026	13.74%	408
2004	6,340,000	10,435	25,510,000	1,167	31,861,602	(2)	385
2005	14,380,000	107,569	24,285,000	-	38,772,569	(2)	462

Note: Details regarding the county's outstanding debt can be found in the notes to the financial statements.

(1) See Statistical Table Number 15 for personal income and population data.

(2) This information is not yet available.

GRAND TRAVERSE COUNTY
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita (1)
1996	\$ -	\$ -	\$ -	0.00%	\$ -
1997	-	-	-	0.00%	-
1998	-	-	-	0.00%	-
1999	-	-	-	0.00%	-
2000	-	-	-	0.00%	-
2001	-	-	-	0.00%	-
2002	-	-	-	0.00%	-
2003	33,375,000	62	33,374,938	1.09%	407
2004	31,850,000	64	31,849,936	0.96%	385
2005	38,665,000	1,144	38,663,856	1.09%	460

Note: Details regarding the county's outstanding debt can be found in the notes to the financial statements.
Taxable value provided by the Grand Traverse County Equalization Department.

(1) See Statistical Table Number 15 for population data.

GRAND TRAVERSE COUNTY
Direct and Overlapping Governmental Activities Debt
As of December 31, 2005

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes: County	\$ 335,855,841	64.69%	\$ 217,270,841
Subtotal, overlapping debt			217,270,841
Grand Traverse County direct debt			38,845,000
Total direct and overlapping debt			\$ 256,115,841

Sources: Debt outstanding and estimated share of overlapping debt provided by Municipal Advisory Council of Michigan.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the county. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Grand Traverse County. This process recognizes that, when considering the government's ability to issue and repay long term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) Applicable percentages were estimated by determining the portion of the county's taxable value that is within the government's boundaries and dividing it by the county's total taxable value.

GRAND TRAVERSE COUNTY
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year									
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Debt limit	\$ 197,633	\$ 217,428	\$ 244,565	\$ 271,901	\$ 303,514	\$ 347,441	\$ 385,426	\$ 424,620	\$ 461,932	\$ 498,654
Total net debt applicable to limit	38,637	37,260	46,272	48,374	49,090	54,895	93,925	99,150	103,980	112,864
Legal debt margin	\$ 158,996	\$ 180,168	\$ 198,293	\$ 223,527	\$ 254,424	\$ 292,546	\$ 291,501	\$ 325,470	\$ 357,952	\$ 385,790
Total net debt applicable to the limit as a percentage of debt limit	19.55%	17.14%	18.92%	17.79%	16.17%	15.80%	24.37%	23.35%	22.51%	22.63%

Legal Debt Margin Calculation for Fiscal Year 2005
(amounts expressed in thousands)

State equalized value of real property	\$ 4,736,882
State equalized value of personal property	\$ 249,658
Total state equalized value	\$ 4,986,540
Debt limit (10% of total state equalized value)	498,654
Debt applicable to limit: (1)	\$ 112,865
Less:	
Assets in Debt Service funds available for pymnt of principal	\$ 1
Total amount of debt applicable to debt limit	112,864
Legal debt margin	\$ 385,790

Note: Under state finance law Grand Traverse County's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

(1) Includes primary government and component units.

GRAND TRAVERSE COUNTY
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (2) (amounts expressed in thousands)	Per Capita Personal Income (2)	School Enrollment (3)	Unemployment Rate (4)
1996	71,971	\$ 1,684,473	\$ 23,158	11,159	4.50%
1997	72,901	1,821,385	24,692	11,107	3.90%
1998	74,134	1,981,039	26,300	11,234	3.40%
1999	75,894	2,154,838	28,091	11,154	3.30%
2000	77,654	2,254,827	28,912	10,973	3.40%
2001	79,882	2,344,249	29,336	10,880	4.60%
2002	81,040	2,346,226	28,934	10,896	5.50%
2003	82,011	2,433,318	29,662	10,770	6.10%
2004	82,752	(5)	(5)	10,692	6.40%
2005	83,971	(5)	(5)	10,581	(5)

Data Sources:

(1) U.S. Census Bureau & Grand Traverse County 2003 Financial Overview, Employment/Economic pg 48, Demographics pg 4.

(2) Bureau of Economic Analysis, www.bea.gov, U.S. Department of Commerce

(3) MaryBeth Stein TCAPS Pupil Accounting Specialist

(4) U.S. Department of Labor Statistics Data www.data.bls.gov. - Unemployment rate information is a yearly average not seasonally adjusted

(5) Data not available at this time

GRAND TRAVERSE COUNTY
Principal Employers
2003 and 1994

<u>Employer</u>	<u>2003</u>			<u>1994</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Munson Medical Center	4,000	1	8.58%	2,221	1	5.69%
Traverse City Public Schools	2,069	2	4.44%	1,345	2	3.45%
Grand Traverse Resort*	900/650	3	1.93%/1.39%	812/1000	4	2.08%/2.56%
Meijer, Inc	650	4	1.39%	550	5	1.41%
Northwestern Michigan College	630	5	1.35%	1,050	3	2.69%
Sara Lee Corp	620	6	1.33%	500-999	6	1.28%/2.56%
Grand Personality Inc	500	7	1.07%			
Traverse Community Hospital	407	8	0.87%	427	9	1.09%
Tower Automotive	400	9	0.86%			
Traverse Bay ISD	350	10	0.75%			
United Technologies			-	715	7	1.83%
Nish-Nah-Bee Ind			-	500-999	8	1.28%/2.56%
Tom's Food Markets			-	340/385	10	.87%/.99%
Totals	<u>10526/10276</u>		<u>22.59%/22.05%</u>	<u>8460/9691</u>		<u>21.67%/24.83%</u>
Total Employment 2003	46,597			1994 Total Employment	39,025	

*Seasonal employee increase

Source: Grand Traverse County Building Authority 2005
2004 Grand Traverse County Financial Overview- Employment/Economic
Grand Traverse County Official Statement for 1995 TC Wastewater Bond Issue

GRAND TRAVERSE COUNTY
Full-time Equivalent Grand Traverse County Employees by Function
Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of December 31,									
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Legislative	1	1	1	1	1	1	1	1	1	1
Judicial	64	74	77	78	89	95	96	95	95	92
General Government	100	101	109	110	119	124	123	123	117	117
Public Safety	125	117	122	131	133	139	142	142	139	145
Public Works	10	12	14	15	16	17	17	17	17	19
Health & Welfare	191	71	74	75	80	84	84	81	80	84
Total	491	376	397	410	438	460	463	459	449	458

Source: Grand Traverse County Human Resources

Note: Full-time equivalent positions are not available for The Medical Care Facility.

GRAND TRAVERSE COUNTY
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Public safety										
Average daily inmate population-Jail only	150.0	139.0	139.70	141.10	147.0	155.66	153.61	149.13	141.35	146.29
Average daily population-Includes inmates boarded-out	150.0	139.0	139.70	141.10	147.0	155.66	158.03	164.73	159.49	169.23
911 Computer aided dispatch calls	41,104	41,346	41,819	43,401	46,069	49,802	52,134	52,506	52,935	59,364
Commissary										
Number of inmates that placed orders					694	978	996	960	972	1,008
Number of orders placed by inmates					5,634	8,120	7,437	7,618	7,129	7,390
Health and welfare										
Commission on aging-client visits										
Homemaker Aide Program	-	7,687	7,986	5,931	5,197	5,618	5,746	5,772	6,619	7,361
Home Health Care Program	-	4,557	4,639	4,375	4,605	5,498	6,593	5,092	5,592	5,336
Home Chore Program		4,038	4,526	4,123	10,374	10,424	7,169	4,280	4,939	5,105
Walk in & telephone assistance calls		9,009	9,967	8,385	14,663	15,634	14,911	19,648	14,332	12,993
Public works										
Number of Sewer billings	-	-	-	17,160	17,192	17,944	18,536	19,372	20,208	21,348
Number of Water billings	-	-	-	10,904	11,008	11,552	12,196	13,048	14,884	16,120
General Government										
County Clerk-Passports processed		1,457	1,541	1,620	2,047	1,825	1,830	1,709	1,817	1,794
Finance-Checks processed	17,160	16,655	17,051	16,840	16,560	17,262	17,158	16,631	17,111	17,302
MSU-Extension										
4-H Participants					1,862	2,654	4,103	3,377	1,614	3,549
FNP Participants						1,877	1,483	1,622	2,022	1,959
PAT Participants						2,493	3,544	3,510	1,279	1,390
Register of Deeds-records filed										
Discharge of Mortgage	2,606	2,609	5,188	5,123	3,708	6,858	10,240	13,095	7,941	6,813
Mortgage	5,553	5,064	5,278	4,844	5,363	9,292	10,823	13,771	9,847	8,922
Warranty Deed	2,903	2,975	3,420	3,283	3,137	2,860	3,148	3,514	3,511	3,437
Judicial										
Circuit court total caseload	-	2,262	2,328	2,303	2,455	2,585	3,372	3,213	3,075	3,043
District court total caseload	-	-	-	-	23,884	25,339	24,724	24,218	22,820	24,170
Probate court total caseload	976	972	997	1,018	1,225	1,422	1,061	1,092	1,028	936
Recreation and culture										
Swimming pool admissions	-	-	-	-	-	-	20,273	18,840	16,931	16,522
Community and Economic Development										
Construction permits issued						7,854	8,553	8,461	8,255	8,393
EDC loans	3	5	9	9	12	13	12	13	14	15
Medical care facility-skilled nursing										
Resident Admits	144	151	220	180	172	196	261	236	251	272
Resident Days	65,615	65,389	67,635	72,442	72,851	72,410	73,359	79,184	79,298	79,470

Sources: Various county departments.

GRAND TRAVERSE COUNTY
Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year									
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Function										
Public safety										
Police										
Stations	1	1	1	1	2	2	2	2	2	2
Buildings	5	5	5	5	6	6	7	7	7	7
Radio Towers	6	6	6	6	6	6	6	6	6	6
Vehicles	57	66	72	79	82	81	82	86	86	95
Boats	5	8	8	8	10	10	10	12	11	11
Snowmobiles	2	2	2	4	4	4	4	4	4	4
Animal control										
Building	1	1	1	1	1	1	1	1	1	1
Vehicles	2	2	1	3	3	3	3	3	3	2
General Government										
Buildings	3	3	3	3	4	4	4	4	4	4
Vehicles	10	12	11	13	13	16	17	18	22	21
Health and welfare										
Buildings	1	1	2	2	2	2	2	2	2	2
Vehicles	23	23	21	18	17	19	19	19	19	19
Public works										
Vehicles	25	27	19	19	19	15	15	12	18	17
Judicial										
Buildings	2	2	2	2	2	2	2	2	2	2
Vehicles	-	-	-	-	-	1	2	2	2	4
Recreation and culture										
Buildings	15	15	16	16	16	16	16	16	16	16
Vehicles	9	10	12	8	6	6	6	6	6	6
Parks	6	8	8	9	9	9	10	10	10	10
Construction Trades										
Vehicles	2	2	3	9	13	13	14	14	13	13
Medical care facility										
Beds	181	181	201	201	201	201	221	221	221	221

Sources: Various county departments.



REHMANN ROBSON

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

April 28, 2006

Board of Commissioners
Grand Traverse County
Traverse City, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of ***Grand Traverse County, Michigan***, as of and for the year ended December 31, 2005, which collectively comprise ***Grand Traverse County, Michigan's*** basic financial statements and have issued our report thereon dated April 28, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the County in a separate letter dated April 28, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of management, members of the Board of Commissioners, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style with a large initial 'L'.

GRAND TRAVERSE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2005

<u>FEDERAL GRANTOR/PASS THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH GRANTOR'S NUMBER</u>	<u>PROGRAM GRANT AMOUNT</u>	<u>EXPENDITURES</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
PASS-THROUGH MICHIGAN DEPARTMENT OF COMMUNITY HEALTH				
Bioterrorism - Supplemental	93.283	N/A	\$	195,978
Maternal and Child Health Service Block Grant	93.994	N/A		63,990
Family Planning Project	93.217	N/A		59,754
Medicaid administration	93.778	N/A		15,707
HIV Prevention Act Health Department Based	93.940	N/A		1,683
Immunization	93.268	N/A		35,425
Immunization - Vaccines	93.268	N/A		412,386
PASS - THROUGH MICHIGAN STATE COURT ADMINISTRATION OFFICE				
Access and visitation grant for 2005	93.597	N/A	\$ 8,000	5,976
PASS - THROUGH MICHIGAN FAMILY INDEPENDENCE AGENCY				
Title IV-D incentive payments	93.560	N/A		207,921
Child Support Enforcement - Medical	93.563	csmed-05-28001	17,006	7,213
Title IV-D Reimbursement - Friend of the Court	93.563	cs/foc-06-28001	1,039,174	267,829
Title IV-D Reimbursement - Friend of the Court	93.563	cs/foc-05-28001	979,952	639,700
Title IV-D Reimbursement - Prosecutor	93.563	cspa-06-28002	127,300	16,326
Title IV-D Reimbursement - Prosecutor	93.563	cspa-05-28002	125,006	52,963
Title IV-E - Prosecutor	93.658	profc-04-28001	10,046	10,046
Temporary Assistance for Needy Families- parents as teachers	93.558	ctfpr05-28001	145,465	145,465
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				2,138,362
U.S. DEPARTMENT OF TRANSPORTATION				
PASS-THROUGH MICHIGAN DEPARTMENT OF TRANSPORTATION				
Tart Trail IV	20.205	STE - 28900	628,000	507,631
East Creek, Mayfield Road	20.205	STE - 280492	120,000	94,228
PASS-THROUGH MICHIGAN OFFICE OF HIGHWAY SAFETY PLANNING				
Highway safety project	20.600	PT-05-24		43,316
Intersection Enforcement	20.602	RS-05-07		20,696
Safety Incentive Grants for Use of Seatbelts	20.604	N/A		5,178
TOTAL U.S. DEPARTMENT OF TRANSPORTATION				671,049
U.S. DEPARTMENT OF AGRICULTURE				
PASS-THROUGH MICHIGAN DEPARTMENT OF COMMUNITY HEALTH				
Woman and Infant Children Program	10.557	N/A		234,675
WIC Local Agency Infrastructure Development	10.578	N/A		500
TOTAL U.S. DEPARTMENT OF AGRICULTURE				235,175

Continued...

GRAND TRAVERSE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2005

<u>FEDERAL GRANTOR/PASS THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH GRANTOR'S NUMBER</u>	<u>PROGRAM GRANT AMOUNT</u>	<u>EXPENDITURES</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>				
DIRECT PROGRAM				
Bullet Proof Vest	16.607	N/A	\$ 6,885	\$ 3,120
Local law enforcement block grant	16.592	2005-DJ-BX-0413	11,053	11,053
PASS-THROUGH MICHIGAN OFFICE OF DRUG CONTROL POLICY				
Live Scan Interface	16.579	20043058	15,000	14,569
Anti-Drug Abuse Act - Juvenile Drug Court	16.579	72048-4-06-B	31,395	8,493
Anti-Drug Abuse Act - Juvenile Drug Court	16.579	72048-4-05-B	39,244	26,911
Anti Drug Abuse Act - Drug Treatment Court Implementation	16.579	72045-4-06-B	134,900	13,696
Anti Drug Abuse Act - Drug Treatment Court Implementation	16.579	72045-4-05-B	62,500	24,621
PASS-THROUGH MISSAUKEE COUNTY				
Anti-Drug Abuse Act - TNT Officer	16.579	70772-8-04-B	36,460	25,553
Anti-Drug Abuse Act - TNT Officer	16.579	70772-6-03-B	36,460	10,932
PASS-THROUGH MICHIGAN STATE POLICE				
2003 State Homeland Security Grant Program Part II Solution Area Planner	16.007	N/A	43,000	10,090
State Homeland Security Grant Program - 2003 Equipment Grant	16.007	N/A	79,322	10,128
State Homeland Security Grant Program - Exercise Grant	16.007	N/A	12,000	5,417
PASS-THROUGH MICHIGAN OFFICE OF JUVENILE JUSTICE				
Juvenile Justice Accountability Incentive Block Grant	16.523	JABGN-04-28001	134,701	10,250
Juvenile Justice Accountability Incentive Block Grant	16.523	JABGN-05-28001	91,780	82,247
TOTAL U.S. DEPARTMENT OF JUSTICE				257,080
<u>U.S. FEDERAL EMERGENCY MANAGEMENT AGENCY</u>				
PASS-THROUGH MICHIGAN DEPARTMENT OF STATE POLICE				
Emergency Management Assistance	97.067	N/A	20,008	19,727
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
PASS-THROUGH MICHIGAN DEPARTMENT OF STATE POLICE				
2003 State Homeland Security Grant Program Part II Training	97.004	N/A	79,688	21,826
2004 State Homeland Security Grant Program	97.004	N/A	535,850	473,827
2005 State Homeland Security Grant Program	97.067	N/A	566,455	122,297
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY				617,950

Continued...

GRAND TRAVERSE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2005

<u>FEDERAL GRANTOR/PASS THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH GRANTOR'S NUMBER</u>	<u>PROGRAM GRANT AMOUNT</u>	<u>EXPENDITURES</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
PASS - THROUGH MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY				
CDBG State's Housing Grant Program	14.228	MSC-2004-0781-HOA	\$ 400,000	\$ 371,711
CDBG State's Housing Grant Program - Program Income	14.228	N/A		67,920
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				439,631
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
Septage Treatment Facility Project	66.606		\$ 241,100	241,100
<u>U.S. DEPARTMENT OF THE INTERIOR</u>				
PASS - THROUGH NATIONAL PARK SERVICE				
Save America's Treasures Grant Program	15.929	26-05-ML-0223	\$ 29,750	29,750
<u>U.S. DEPARTMENT OF EDUCATION</u>				
PASS - THROUGH MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH				
Wind Energy Ag Outreach Project	81.117	PLA-04-49	\$ 15,000	14,371
TOTAL FEDERAL AWARDS				4,664,195
Less Program income recorded as local revenue				(67,920)
Less Road commission federal revenue				(601,859)
Federal revenue recorded per financial statements				\$ 3,994,416

Concluded

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

- 1) At December 31, 2005 the County had loans outstanding to local businesses generated by grants received from the Department of Housing and Urban Development in the amount of \$1,031,105.
- 2) Basis of presentation-
The schedule of expenditures of federal awards includes the federal grant activity of Grand Traverse County and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.
- 3) Grand Traverse County Road Commission (Component unit)
The Michigan Department of Transportation (MDOT) acts as the agent of the Federal Highway Administration (FHWA) in the administration of federal funds provided to the Grand Traverse County Road Commission for the improvement of road systems in Grand Traverse County. These funds, totaling \$34,737 for 2005, cover projects under the certification of acceptance procedures or the secondary road plan procedures approved by FHWA. Although these funds are provided for the improvement of road systems in Grand Traverse County, MDOT, as the agency of FHWA, is responsible for controlling the receipts and disbursements related to the funds. In this capacity, MDOT also awards construction contracts and in some instances, contracts for other services. Grand Traverse County receives interim and final accounting of projects receipts and disbursements from MDOT. Since all project administration is performed by MDOT, the above amounts are not included in the County's schedule of expenditures of federal awards. In addition to the funds described above, the Grand Traverse County Road Commission received \$601,859 of additional federal financial assistance which was subject to the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A - 133

April 28, 2006

Board of Commissioners
Grand Traverse County
Traverse City, Michigan

Compliance

We have audited the compliance of ***Grand Traverse County, Michigan*** (the "County") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2005. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the management, others within the organization, the Board of Commissioners, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style with a large initial 'L'.

GRAND TRAVERSE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2005

SECTION I - SUMMARY OF AUDITORS RESULTS

Financial Statements

Type of Auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness identified?	No
Reportable conditions identified not considered to be material weaknesses?	None reported
Non-compliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Reportable conditions identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a) ?	No

Identification of major program:

<u>CFDA #</u>	<u>Name of Program</u>
93.563	Child Support Enforcement
93.268	Immunization
97.004	Homeland Security
14.228	Community Development Block Grant

Dollar threshold to distinguish between type A and type B programs:	\$300,000
Auditee qualified as a low risk auditee?	Yes

GRAND TRAVERSE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2005

SECTION II – FINANCIAL STATEMENT FINDINGS

No financial statement findings.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No federal award findings or questioned costs are reported.



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April 28, 2006

Board of Commissioners
Grand Traverse County, Michigan

In planning and performing our audit of the financial statements of ***Grand Traverse County*** as of and for the year ended December 31, 2005, we considered the County's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of some matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated April 28, 2006 on the financial statements of ***Grand Traverse County***.

We will review the status of these comments and suggestions during our next audit engagement. We have already discussed many of these comments and suggestions with County personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

We would like to thank everyone at the County who assisted us during the audit and would like to commend the Finance department for the excellent work they do to provide useful accounting information for the audit and for the citizens of ***Grand Traverse County***.

**GRAND TRAVERSE COUNTY
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2005**

PRIOR YEAR COMMENTS

A) Department of Public Works Cash Receipting

Currently, the Department of Public Works (DPW) has only one cash drawer which is used by all individuals who collect cash at the DPW. There are currently six individuals that use the drawer and if there was a shortage or overage in cash, there would be no way to identify which individual was responsible. We recommend that the DPW have separate cash drawers for each individual that collects cash to help in identifying who is responsible for shortages/overages.

**GRAND TRAVERSE COUNTY
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2005**

CURRENT YEAR COMMENTS

A) Inmate Commissary Bank Account

During March 2006, in response to the comments and recommendations made after our prior year audit concerning the inmate commissary bank account, a round-table discussion was held including Rehmann Robson, Dean Bott (County Finance Director), Heidi Scheppe (Deputy Finance Director), Bill Rokos (County Treasurer), Bob Hall (Captain), Dennis Monroe (Lieutenant), and Roberta Tarker (Office Specialist at the Jail). From this discussion, a detailed list of procedures were established for collecting, receipting, recording, distributing and reconciling amounts in this account. We recommend that the Jail implement these procedures (not included herein) on an on-going basis.

B) Daily Deposits With County Treasurer for all Departments

For a number of departments, including the Community Corrections Department, deposits are not made with the County Treasurer on a daily basis. Often, the deposits for the Community Corrections Department are only made on a weekly basis and range from \$1,000-\$2,000. We recommend that all departments make deposits with the County Treasurer on a daily basis to minimize discrepancies.

C) Usage of Safes or Locked Cash Drawers

There are a number of departments that receipt in a significant amount of cash during a given day and maintain all of the cash in cash drawers for the entire day. We recommend that safes or lockable cash drawers are purchased for all departments that receipt in large amounts of cash and the cash is kept there for a significant amount of time (i.e. – for an entire day or overnight). Then, these large amounts of cash would be secured while a working supply of cash could be left available to make appropriate change for individuals.

D) Cashing of Checks

When accepting checks as a form of payment, the Construction Code Department was receipting checks for amounts greater than the fees charged to individuals and returning cash back to the individuals for the excess amount. This situation may be occurring at other departments also. In the future, if checks are receipted in for amounts greater than fees charged, then we recommend that the overage be receipted to a trust and agency fund account with a check issued for the refund.

**GRAND TRAVERSE COUNTY
COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2005**

E) Credit Card Procedures

During our review of the County's credit card procedures, we noted that each department that utilizes credit cards has ultimate control over reconciling the credit card statements and receipts for those cards. We recommend that the reconciling procedures and gathering of credit card receipts be performed by the finance department to ensure better control over the use of credit cards by County departments.